

FIRST  
ANNUAL REPORT

OF

Brooklyn and Queens  
Transit Corporation

FOR THE

Year Ended June 30, 1930

# Brooklyn and Queens Transit Corporation

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## DIRECTORS

FRANK BAILEY	JOHN V. JEWELL
MATTHEW C. BRUSH	EDWIN P. MAYNARD
IRVING T. BUSH	WILLIAM S. MENDEN
DANIEL J. CREEM	H. HOBART PORTER
GERHARD M. DAHL	CHARLES S. SARGENT
WILLIAM N. DYKMAN	ARTHUR S. SOMERS
CHARLES HAYDEN	FREDERICK STRAUSS
ALBERT H. WIGGIN	

## EXECUTIVE COMMITTEE

GERHARD M. DAHL	EDWIN P. MAYNARD
WILLIAM N. DYKMAN	H. HOBART PORTER
CHARLES HAYDEN	FREDERICK STRAUSS
WILLIAM S. MENDEN	ALBERT H. WIGGIN

## OFFICERS

Chairman of the Board.....	GERHARD M. DAHL
President.....	WILLIAM S. MENDEN
Vice President and General Counsel..	GEORGE D. YEOMANS
Vice President.....	WILLIAM T. ROSSELL
Vice President.....	GEORGE W. JONES
Secretary and Treasurer.....	FRED C. MARSTON
Comptroller.....	JAMES ADDISON



**FIRST ANNUAL REPORT**  
**OF**  
**Brooklyn and Queens Transit Corporation**

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385 Flatbush Avenue Extension, Brooklyn, N. Y.,  
August 30, 1930.

TO THE STOCKHOLDERS:

I submit herewith the annual report showing the condition of your Corporation on June 30, 1930, and the results of its operations for the year ended on that date.

**ORGANIZATION**

Your Corporation was organized on July 1, 1929, to succeed and consolidate into a single operating company The Brooklyn City Rail Road Company, Nassau Electric Railroad Company, Brooklyn, Queens County and Suburban Railroad Company, The Coney Island and Brooklyn Rail Road Company and Coney Island and Gravesend Railway Company. The last four companies, prior to July 1, 1929, were subsidiary street railway operating companies of the Brooklyn-Manhattan Transit Corporation. Your Corporation also controls, by stock ownership, the South Brooklyn Railway Company, also formerly a subsidiary of the B.M.T. Corporation, which in addition to owning and operating certain passenger trolley lines also operates as a freight carrier on the Brooklyn transit lines. The consolidation was effected under an agreement, dated May 2, 1929, and with the necessary legal consents and approvals.

Your Corporation owns and/or controls all of the passenger street surface railway lines operating in the Borough of Brooklyn and its lines also extend into the Borough of Queens. It also has a Manhattan terminus at the Park Row end of the Brooklyn Bridge for certain of its lines and in the near future, as the result of an agreement with the City of New York, will also operate certain of its lines to the Manhattan Terminal of the Williamsburgh Bridge.

The total track mileage owned by the Brooklyn and Queens System, including the South Brooklyn Railway Company, is 523 single track miles, and in addition it has trackage rights over approximately 4 single track miles on city bridges. Of the total mileage owned, 475 is operating track in streets, highways and private rights of way, etc., and the remaining 48 miles is in shops and yards. Of the 475 miles of operating track, 442 miles, or 93 per cent., is in paved streets.

As anticipated, the consolidation of the surface companies has enabled the management to effect important improvements in routing, resulting in better service to the public, and has also made possible substantial economies in operating expenses.

### CONSOLIDATED RESULTS

The following is a condensed statement of operations of the Brooklyn and Queens Transit System for the fiscal year ended June 30, 1930, and for comparative purposes also a condensed statement of operations of its predecessor surface companies in the preceding fiscal year after giving effect to the provisions of the joint agreement of merger and consolidation.

	1930	1929*
Total Operating Revenue.....	\$23,589,180.54	\$24,142,065.99
Total Operating Expenses, including Depreciation.....	18,386,370.07	19,851,747.91
Net Operating Revenue.....	5,202,810.47	4,290,318.08
Taxes Paid and Accrued on Operating Properties, including Reserves for Federal Income Taxes.....	1,389,323.67	1,261,034.51
Operating Income.....	3,813,486.80	3,029,283.57
Net Non-Operating Income.....	251,531.91	266,924.52
Gross Income.....	4,065,018.71	3,296,208.09
Income Deductions—Interest, Rentals, Etc.	1,501,472.28	1,536,956.38
Net Income.....	\$2,563,546.43	\$1,759,251.71

\*After giving effect to provisions of Joint Agreement of Merger and Consolidation.

The above gross income is after providing for all maintenance charges, taxes and reserves for depreciation.

Your Corporation has endeavored to render as good service as possible, and at the same time maintain the properties in first-

class operating condition. During the year 19 miles of single track were reconstructed and repaved. The expenditures for Maintenance of Way and Structure and of Equipment, including reserves for depreciation, during the fiscal year, were in excess of 21% of total operating revenues.

There were paid, for the fiscal year, on the outstanding Preferred Stock of your Corporation, four quarterly dividends of \$1 each, aggregating \$1,133,000.

The following statement of traffic statistics includes, for comparative purposes, The Brooklyn City Rail Road Company lines and the former B.M.T. surface lines for the fiscal years ended June 30, 1924 to June 30, 1929, inclusive, while the figures for 1930 are for the Brooklyn and Queens Transit System.

#### Passengers Carried

Fiscal Year	B.-M. T.	B. C. R. R.	Total
1924 . . . . .	249,009,138	250,276,015	499,285,153
1925 . . . . .	254,349,648	241,444,345	495,793,993
1926 . . . . .	252,786,017	241,516,038	494,302,055
1927 . . . . .	253,809,754	243,053,505	496,863,259
1928 . . . . .	257,361,341	242,934,391	500,295,732
1929 . . . . .	256,210,684	238,871,691	495,082,375
1930 . . . . .	.....	.....	483,090,188

#### NEW EQUIPMENT

At their first regular monthly meeting on July 15, 1929, your Directors authorized the purchase of 100 new cars of modern design and equipment. The first of the new cars was placed in service on March 9, 1930, and on June 30, 1930, all of the 100 new cars had been delivered and placed in service. The cost of these new cars was approximately \$1,650,000.

On November 12, 1929, your Corporation placed in service for experimental purposes a car that had been constructed specially for the Brooklyn and Queens System and which embodies a number of innovations in car design and equipment.



This car is equipped with automotive foot control operating apparatus, so the operator uses his feet to operate the car in the same manner as the chauffeur of an automobile.

Your Corporation has also made arrangements for the experimental operation of two electric buses on one line of the System. This bus operates on pneumatic tires by means of electric power supplied from overhead wires, and for some lines may be found superior to either trolley car or gas bus.

### IMPROVED SERVICE

One of the principal objectives which the consolidation of the surface lines was intended to accomplish was the improvement in routing and service possible with all of the lines under unified control. The first changes to this end were made effective on October 1, 1929, and affected the Erie Basin, Park Slope, Flatbush, Greenpoint and South Brooklyn sections.

The principal change of this character, however, was made on April 6, 1930, when a general re-routing plan for all the surface lines in the downtown Brooklyn area was made effective. This plan had been worked out in cooperation with representatives of the Transit Commission and with the Borough President of Brooklyn and in conjunction with plans the Police Department had formulated for improving general vehicular traffic in this area. The combined plans for street car operation and new police traffic regulations have resulted in materially improved street conditions in the downtown Brooklyn area, and the elimination of congestion along Fulton Street, particularly. The cost of the necessary changes in track and new track connections to make this re-routing plan effective was approximately \$100,000. Plans for improving traffic movement in other congested areas are now under consideration and it is hoped that these plans may be put into effect during the coming year.

### WILLIAMSBURGH BRIDGE AGREEMENT

On November 25, 1929, your Corporation entered into an agreement with the City of New York providing for the extension of service on four car lines across the Williamsburgh Bridge to the Delancey Street Terminal in Manhattan. This agreement was the result of requests from representatives of the civic associations of the East Side in Manhattan and along Broadway in

Brooklyn for the restoration of through trolley car service across the Williamsburgh Bridge by the Brooklyn trolley lines, which had been interrupted when the City began operation of the local bridge service in December, 1923. Under the terms of the agreement your Corporation will take over the operation of the Williamsburgh Bridge Local Line and operate this in conjunction with the through service when the City has made the necessary changes in track and overhead connections at the Brooklyn end of the Bridge to permit the through operation. The agreement provides for continuing for one year the existing fare for the local bridge ride, but if at the end of one year the revenue from the local bridge service has been less than the cost of carrying both through and local passengers on the Bridge, then the rate of fare for the local bridge ride shall be increased to produce sufficient revenue to pay the expenses of through and local operation specified in the agreement. It is expected that through operation under this agreement will begin during the present calendar year.

#### APPLICATION FOR BUS FRANCHISES

There is still pending before the Board of Estimate and Apportionment the application made on May 31, 1929, on behalf of the Brooklyn Bus Corporation for the grant of bus franchises for sixteen routes in Brooklyn to be operated under common management and control with the surface lines as a coordinated system of street surface railroad lines and bus lines.

There is also pending before the Board of Estimate and Apportionment a petition made on February 20, 1930, on behalf of the Brooklyn and Queens Transit Corporation for consents to operate buses in place of or supplemental to trolley cars on the Greenpoint Avenue and the Cypress Hills Lines and proposed extensions to those routes to enable them to better serve the public interest in the territory they traverse.

A comparative consolidated income statement and a consolidated balance sheet are appended to this report.

Respectfully submitted,

GERHARD M. DAHL,  
*Chairman.*





**Consolidated  
Income Statement  
and  
Consolidated  
Balance Sheet**

**BROOKLYN AND QUEENS TRANSIT SYSTEM**  
**COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES**  
**FOR YEAR ENDED JUNE 30**

	1930	1929*
<b>REVENUE FROM TRANSPORTATION:</b>		
Passenger Revenue.....	\$22,627,087.85	\$23,150,591.32
Freight Revenue.....	304,049.92	447,360.42
Total Revenue from Transportation	<u>22,931,137.77</u>	<u>23,597,951.74</u>
<b>OTHER STREET RAILWAY OPERATING REVENUES:</b>		
Advertising.....	235,833.29	234,999.95
Other Car and Station Privileges.....	17,500.00	14,136.27
Rent of Buildings and Other Property..	175,502.74	228,050.67
Rent of Equipment.....	149,811.95	3,162.00
Rent of Tracks and Terminals.....	48,523.41	32,297.63
Sale of Power.....	16,005.46	21,956.55
Miscellaneous Receipts.....	14,865.92	9,511.18
Total Other Street Railway Operating Revenues.....	<u>658,042.77</u>	<u>544,114.25</u>
Total Street Railway Operating Revenues.....	<u>23,589,180.54</u>	<u>24,142,065.99</u>
<b>OPERATING EXPENSES:</b>		
Maintenance of Way and Structure....	2,285,619.17	2,794,723.25
Maintenance of Equipment.....	2,714,499.62	2,917,461.37
Operation of Power Plant.....	2,262,032.92	2,278,139.46
Operation of Cars—Trainmen's Wages..	6,788,401.61	7,006,955.97
Operation of Cars—Other Expenses....	1,795,700.19	1,860,582.02
Damages.....	1,188,407.11	1,439,967.38
Legal Expense in Connection with Damages.....	220,303.50	220,790.98
General Law Expenses.....	64,846.79	48,314.03
Other General Expenses.....	787,362.82	920,013.21
Freight Expenses.....	279,196.34	364,800.24
Total Operating Expenses.....	<u>18,386,370.07</u>	<u>19,851,747.91</u>
NET REVENUE FROM OPERATION.....	<u>5,202,810.47</u>	<u>4,290,318.08</u>
TAXES ACCRUED ON OPERATING PROPERTIES.	<u>1,389,323.67</u>	<u>1,261,034.51</u>
OPERATING INCOME ( <i>Carried Forward</i> ).....	<u>3,813,486.80</u>	<u>3,029,283.57</u>

\*After giving effect to provisions of Joint Agreement of Merger and Consolidation.

	1930	1929*
OPERATING INCOME ( <i>Brought Forward</i> )....	\$3,813,486.80	\$3,029,283.57
NON-OPERATING REVENUE:		
Rents Accrued from Lease of Road.....	85,200.00	85,200.00
Miscellaneous Rent Revenues.....	83,188.10	69,627.64
Interest Revenues.....	113,577.31	134,113.10
Miscellaneous.....	6,406.58	8,255.99
Total Non-Operating Revenues....	288,371.99	297,196.73
NON-OPERATING REVENUE DEDUCTIONS:		
Rent Expense.....	2,027.99	1,737.46
Non-Operating Taxes.....	34,812.09	28,534.75
Total Non-Operating Revenue De- ductions.....	36,840.08	30,272.21
NET NON-OPERATING INCOME.....	251,531.91	266,924.52
GROSS INCOME.....	4,065,018.71	3,296,208.09
INCOME DEDUCTIONS:		
Interest Deductions.....	1,443,122.08	1,450,168.80
Rent for Lease of other Road and Equip- ment.....	225.00	.....
Other Rent Deductions.....	41,128.57	63,791.73
Sinking Fund Accruals.....	658.20	658.20
Amortization.....	16,338.43	22,337.65
Total Income Deductions.....	1,501,472.28	1,536,956.38
NET INCOME.....	\$2,563,546.43	\$1,759,251.71

\*After giving effect to provisions of Joint Agreement of Merger and Consolidation.

**BROOKLYN AND QUEENS TRANSIT SYSTEM**  
**CONDENSED CONSOLIDATED BALANCE SHEET, JUNE 30, 1930**

**ASSETS**

**ROAD AND EQUIPMENT:**

Fixed Capital Account .....	\$105,183,178.38
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**CURRENT ASSETS:**

Cash on Hand and in Banks .....	\$1,159,300.13
Materials and Supplies .....	963,418.02
Investments .....	176,500.00
Accounts and Notes Receivable .....	390,809.62
Interest Receivable .....	8,110.20
	2,698,137.97

**SPECIAL DEPOSITS OF SECURITIES AND CASH:**

City of New York, Account Franchises	\$13,256.88
With Trustees Account Fund for Re- placement of Equipment .....	588,143.29
State Industrial Commission (City of New York Corporate Stock and Liberty Bonds) .....	368,840.28
Other Special Deposits .....	64,503.09
	1,034,743.54

ACCOUNTS IN LITIGATION AND ITEMS IN SUSPENSE .....	682,139.71
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PREPAID ACCOUNTS .....	193,849.58
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Total Assets .....	\$109,792,049.18
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**BROOKLYN AND QUEENS TRANSIT SYSTEM**  
**CONDENSED CONSOLIDATED BALANCE SHEET, JUNE 30, 1930**

**LIABILITIES**

**CAPITAL STOCK:**

Preferred Stock, 283,250 shares.....	\$28,325,000.00	
Common Stock, 800,000 shares.....	18,800,000.00	
	<hr/>	\$47,125,000.00

**FUNDED DEBT—ISSUED:**

Total Issued.....	34,936,000.00	
Less: Bonds owned or in Treasury....	4,084,072.50	
	<hr/>	30,851,927.50
Real Estate Mortgage.....	150,000.00	
	<hr/>	31,001,927.50

**CURRENT LIABILITIES:**

Accounts Payable.....	1,693,912.91	
Tax Accruals.....	860,620.71	
Interest Accrued on Funded Debt....	623,861.25	
Other Interest.....	6,552.31	
Tort Claims Including Judgments....	23,608.56	
Dividend Payable July 1, 1930.....	283,250.00	
	<hr/>	3,491,805.74

**RESERVES:**

Reserve for Contingencies.....	20,756,283.35	
Reserve for Damages.....	1,539,585.27	
Reserve for Replacement of Equipment	588,143.29	
Accrued Amortization of Capital and		
Other Reserves.....	1,770,790.13	
Taxes in Litigation and Contingent		
Tax Liability.....	617,413.32	
Unadjusted Credits.....	101,321.93	
	<hr/>	25,373,537.29

<b>SURPLUS.....</b>	<b>2,799,778.65</b>	
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Total Liabilities.....	<hr/>	\$109,792,049.18
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Certified by  
**JAMES ADDISON, Comptroller.**



SECOND  
ANNUAL REPORT

OF

Brooklyn and Queens  
Transit Corporation

FOR THE

Year Ended June 30, 1931

# Brooklyn and Queens Transit Corporation

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## DIRECTORS

FRANK BAILEY	FRED C. MARSTON
MATTHEW C. BRUSH	EDWIN P. MAYNARD
IRVING T. BUSH	WILLIAM S. MENDEN
DANIEL J. CREEM	H. HOBART PORTER
GERHARD M. DAHL	CHARLES S. SARGENT
WILLIAM N. DYKMAN	ARTHUR S. SOMERS
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## EXECUTIVE COMMITTEE

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WILLIAM N. DYKMAN	H. HOBART PORTER
CHARLES HAYDEN	FREDERICK STRAUSS
ALBERT H. WIGGIN	

## OFFICERS

Chairman of the Board.....	GERHARD M. DAHL
President.....	WILLIAM S. MENDEN
Vice President and General Counsel..	GEORGE D. YEOMANS
Vice President.....	WILLIAM T. ROSSELL
Vice President.....	GEORGE W. JONES
Secretary and Treasurer.....	FRED C. MARSTON
Comptroller.....	JAMES ADDISON

**SECOND ANNUAL REPORT**  
**OF**  
**Brooklyn and Queens Transit Corporation**

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385 Flatbush Avenue Extension, Brooklyn, N. Y.  
August 28, 1931.

**TO THE STOCKHOLDERS:**

I submit herewith the annual report showing the condition of your Corporation on June 30, 1931, and the results of its operations for the year ended on that date.

As stated in the last annual report, your Corporation owns and/or controls all of the passenger street surface railway lines operating in the Borough of Brooklyn and its lines also extend into the Borough of Queens. On May 29, 1931, the Board of Estimate and Apportionment of The City of New York awarded to the Brooklyn Bus Corporation, a subsidiary of your Corporation, a franchise to operate 20 bus routes, totalling approximately 75 route miles, in the Borough of Brooklyn and extending into the Ridgewood section of Queens.

The attached map of Brooklyn showing the surface lines of Brooklyn and Queens Transit System and the bus routes of the Brooklyn Bus Corporation illustrates graphically the comprehensive manner in which these trolley and bus lines serve every section of Brooklyn. These surface transit facilities reach into every section of the Borough and it is estimated that of the total population of 2,500,000 residents of Brooklyn, less than 10,000 reside within an area that is more than 1500 feet from the nearest trolley or bus line.

**CONSOLIDATED RESULTS**

The following is a condensed statement of operations of the Brooklyn and Queens Transit System for the fiscal year ended June 30, 1931, and for the preceding fiscal year.



	1931	1930
Total Operating Revenue.....	\$22,624,831.32	\$23,589,180.54
Total Operating Expenses, including Depreciation.....	17,507,682.47	18,386,370.07
Net Operating Revenue.....	5,117,148.85	5,202,810.47
Taxes Paid and Accrued on Operating Properties, including Contingent Reserves for Federal Income Taxes.....	1,284,425.38	1,389,323.67
Operating Income.....	3,832,723.47	3,813,486.80
Net Non-Operating Income.....	187,678.84	251,531.91
Gross Income.....	4,020,402.31	4,065,018.71
Income Deductions—Interest, Rentals, Etc..	1,511,353.02	1,501,472.28
Net Income.....	\$2,509,049.29	\$2,563,546.43

The above gross income is after providing for all maintenance charges, taxes and reserves for depreciation.

The consolidation of the various surface operating companies of the B.-M.T. System with the Brooklyn City Rail Road Company on July 1, 1929, into the Brooklyn and Queens Transit Corporation has made it possible for the management to effect important economies that are reflected in the results of operation during the past fiscal year to an even greater extent than in the first year of consolidated operation. The reduction in maintenance costs during the past year also reflects the benefits accruing from the policy of making extensive replacements of cars and track, also additions and betterments on the system during the past eight years, and a brief review of additions and betterments, we believe, is of interest at this time.

During the period of eight years from 1923 to 1931, the companies comprising the Brooklyn and Queens Transit Corporation have expended for additions and betterments approximately the following:

735 new cars.....	\$11,000,000
(200 of which were purchased during the last two years at a total cost of \$3,000,000)	
Equipping 50 trailer cars with motor and control equipment..	400,000
Enlarging and modernizing shop facilities.....	1,200,000
New depot facilities.....	360,000
Betterments in connection with track reconstruction (not including replacement) of 150 miles of track in connection with normal maintenance work during the 8 year period....	2,750,000
Total Expenditures for Additions and Betterments...	\$15,710,000

Funds for all of the above have been provided without any increase in the bonded debt of the System, and the only outstanding debt on account of the above are bank loans totalling \$2,800,000, plus \$1,500,000 remaining unpaid of the \$3,750,000 equipment trust certificates issued by the Brooklyn City Rail Road Company and the car lease warrants guaranteed by the Brooklyn and Queens Transit Corporation of \$1,300,000 (principal). The balance of more than \$10,000,000 has been provided out of surplus earnings of the Companies during the eight-year period.

The total funded debt of the System (including the equipment trust certificates and car lease warrants above referred to) in the hands of the public as of June 30, 1931, was \$29,910,427.50, which is a very low funded debt for a traction property such as the Brooklyn and Queens Transit System.

The assessed value of real estate, including improvements thereon, owned by your Corporation and its subsidiaries, exclusive of the 12 miles of right of way in Atlantic Avenue, between Brooklyn and Jamaica, leased to the Long Island Railroad, is approximately \$20,000,000, which together with the ultimate value of the right of way above referred to is almost equal to the total bonded debt.

On April 1, 1931, \$2,241,000 of 5% Bonds issued under the Atlantic Avenue General Consolidated Mortgage dated April 23, 1891, were retired. Subsequently, authority was given by the Transit Commission for the issuance of the same amount of 4% Nassau Electric Railroad Consolidated Mortgage Bonds to reimburse the Treasury for the funds used in the retirement of the Atlantic Avenue Bonds. To date none of the additional bonds of the Nassau Electric Railway Company have been issued.

An order for 100 additional surface cars of the single end type was placed in November, 1930, all of which cars had been delivered and placed in service by June of this year. At the present time approximately 70% of the street railway service in Brooklyn is provided by one-man cars, the operation of which has permitted improvement in the service, increased wages to motormen and a reduction in cost of operation. The total passenger car miles operated on the System increased from 50,339,097 during the previous year to 53,675,751 during the fiscal year ending June 30, 1931, or an increase of 6.6% with a decrease in passengers carried of 3.35%.

The total cost of operation has been substantially reduced as a result of the operation of one-man cars, improved methods in connection with maintenance of Way and Structure and Equipment, and also partly due to a reduction in cost of materials and supplies. Cars and their equipment have been maintained in first class operating condition and approximately 15 miles of track have been replaced during the fiscal year ending June 30, 1931.

There were paid, for the fiscal year, on the outstanding Preferred Stock of your Corporation, four quarterly dividends of \$1.25 each, aggregating \$1,416,250.

The following statement of traffic statistics includes, for comparative purposes, The Brooklyn City Rail Road Company lines and the former B.-M.T. surface lines for the fiscal years ended June 30, 1924 to June 30, 1929, inclusive, while the figures for 1930 and 1931 are for the Brooklyn and Queens Transit System.

#### Passengers Carried

Fiscal Year	B.-M. T.	B. C. R. R.	Total
1924.....	249,009,138	250,276,015	499,285,153
1925.....	254,349,648	241,444,345	495,793,993
1926.....	252,786,017	241,516,038	494,302,055
1927.....	253,809,754	243,053,505	496,863,259
1928.....	257,361,341	242,934,391	500,295,732
1929.....	256,210,684	238,871,691	495,082,375
1930.....	.....	.....	483,090,188
1931.....	.....	.....	466,884,703

#### WILLIAMSBURGH BRIDGE AGREEMENT

On February 15, 1931, your Corporation extended its service of car lines across the Williamsburgh Bridge and took over the operation of the local car line on that bridge previously operated by the City. This operation was assumed pursuant to the agreement of November 25, 1929, between the City of New York and your Corporation as reported in the last annual report. As provided for in that agreement, the City assumed the cost of making the necessary changes to track and overhead work to



permit through operation of these cars and the contract provides that the revenue of the local ride shall first be applied to the cost of operating the local and through service across the bridge, and if at the end of the first year of operation the cost of operation exceeds the revenue, then an increase in fare for the local ride shall be authorized so as to produce sufficient revenue to pay for the expense of operating through and local service across this bridge, with the understanding that the maximum fare shall not be more than three cents, the initial present fare being two cents. This contract covers a period of three years with the right on the part of the City to terminate this at any time on six months notice.

### **BUS FRANCHISE**

On May 29, 1931, the Board of Estimate and Apportionment of the City of New York formally awarded to the Brooklyn Bus Corporation, all of whose stock is owned by your Corporation, a franchise for the operation of 20 bus routes, totalling approximately 75 route miles, in the Borough of Brooklyn and three of which extend into the Ridgewood section of Queens. The franchise contract was duly executed by the bus corporation and by the Mayor on behalf of the City of New York on June 4, 1931. Application was made immediately to the Transit Commission for certificates of convenience and necessity for the operation of these routes and these certificates were authorized by the Commission after public hearings, making the effective date of this contract June 15, 1931.

These bus routes will be operated in coordination with the street railway lines on your system, the franchise providing for a granting of transfers and a charge of two cents per transfer between certain street railway lines and bus lines at specified points. The franchise for this bus operation is for ten years.

A comparative consolidated income statement and a consolidated balance sheet are appended to this report.

Respectfully submitted,

GERHARD M. DAHL,  
*Chairman.*





**Consolidated  
Income Statement  
and  
Consolidated  
Balance Sheet**

## BROOKLYN AND QUEENS TRANSIT SYSTEM

### COMPARATIVE STATEMENT OF EARNINGS AND EXPENSES FOR YEAR ENDED JUNE 30

	1931	1930
<b>REVENUE FROM TRANSPORTATION:</b>		
Passenger Revenue.....	\$21,694,562.92	\$22,627,087.85
Freight Revenue.....	297,534.94	304,049.92
Total Revenue from Transportation	<u>21,992,097.86</u>	<u>22,931,137.77</u>
<b>OTHER STREET RAILWAY OPERATING REVENUES:</b>		
Advertising.....	241,312.47	235,833.29
Other Car and Station Privileges.....	7,083.34	17,500.00
Rent of Buildings and other Property..	161,659.53	175,502.74
Rent of Equipment.....	145,129.71	149,811.95
Rent of Tracks and Terminals.....	53,423.87	48,523.41
Sale of Power.....	11,912.04	16,005.46
Miscellaneous Receipts.....	12,212.50	14,865.92
Total Other Street Railway Operating Revenues.....	<u>632,733.46</u>	<u>658,042.77</u>
Total Street Railway Operating Revenues.....	<u>22,624,831.32</u>	<u>23,589,180.54</u>
<b>OPERATING EXPENSES:</b>		
Maintenance of Way and Structure....	1,987,600.61	2,285,619.17
Maintenance of Equipment.....	2,508,704.57	2,714,499.62
Operation of Power Plant.....	2,531,285.83	2,262,032.92
Operation of Cars—Trainmen's Wages..	6,130,365.10	6,788,401.61
Operation of Cars—Other Expenses....	1,798,419.31	1,795,700.19
Damages.....	1,192,310.90	1,188,407.11
Legal Expense in Connection with Damages.....	227,641.74	220,303.50
General Law Expenses.....	74,077.59	64,846.79
Other General Expenses.....	789,843.93	787,362.82
Freight Expenses.....	267,432.89	279,196.34
Total Operating Expenses.....	<u>17,507,682.47</u>	<u>18,386,370.07</u>
NET REVENUE FROM OPERATION.....	<u>5,117,148.85</u>	<u>5,202,810.47</u>
TAXES ACCRUED ON OPERATING PROPERTIES	<u>1,284,425.38</u>	<u>1,389,323.67</u>
OPERATING INCOME ( <i>Carried Forward</i> ).....	<u>3,832,723.47</u>	<u>3,813,486.80</u>

	1931	1930
OPERATING INCOME ( <i>Brought Forward</i> ) . . . .	\$3,832,723.47	\$3,813,486.80
NON-OPERATING REVENUE:		
Rents Accrued from Lease of Road . . . .	85,200.00	85,200.00
Miscellaneous Rent Revenues . . . . .	97,281.04	83,188.10
Interest Revenues . . . . .	59,611.95	113,577.31
Miscellaneous . . . . .	37.60*	6,406.58
Total Non-Operating Revenues . . .	242,055.39	288,371.99
NON-OPERATING REVENUE DEDUCTIONS:		
Rent Expense . . . . .	1,592.31	2,027.99
Non-Operating Taxes . . . . .	52,784.24	34,812.09
Total Non-Operating Revenue De- ductions . . . . .	54,376.55	36,840.08
NET NON-OPERATING INCOME . . . . .	187,678.84	251,531.91
GROSS INCOME . . . . .	4,020,402.31	4,065,018.71
INCOME DEDUCTIONS:		
Interest Deductions . . . . .	1,461,923.45	1,443,122.08
Rent for Lease of other Road and Equip- ment . . . . .	225.00	225.00
Other Rent Deductions . . . . .	35,083.96	41,128.57
Sinking Fund Accruals . . . . .	658.20	658.20
Amortization . . . . .	13,462.41	16,338.43
Total Income Deductions . . . . .	1,511,353.02	1,501,472.28
NET INCOME . . . . .	\$2,509,049.29	\$2,563,546.43

\*Figures in italics indicate deficit.

**BROOKLYN AND QUEENS TRANSIT SYSTEM**  
**CONDENSED CONSOLIDATED BALANCE SHEET, JUNE 30, 1931**

**ASSETS**

**ROAD AND EQUIPMENT:**

Fixed Capital Account.....	\$107,095,245.82
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**CURRENT ASSETS:**

Cash on Hand and in Banks.....	\$1,213,260.78	
Materials and Supplies.....	1,000,097.55	
Investments.....	315,200.00	
Accounts and Notes Receivable.....	491,265.12	
Interest Receivable.....	10,280.57	
		3,030,104.02

**SPECIAL DEPOSITS OF SECURITIES AND CASH:**

City of New York, Account Franchises	\$14,354.38	
With Trustees Account Fund for Re- placement of Equipment.....	852,930.84	
State Industrial Commission (City of New York Corporate Stock and Liberty Bonds).....	380,019.03	
Other Special Deposits.....	102,229.89	
		1,349,534.14

ACCOUNTS IN LITIGATION AND ITEMS IN SUSPENSE.....	830,338.90
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PREPAID ACCOUNTS.....	606,650.66
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Total Assets.....	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$112,911,873.54</div>
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**BROOKLYN AND QUEENS TRANSIT SYSTEM**  
**CONDENSED CONSOLIDATED BALANCE SHEET, JUNE 30, 1931**

**LIABILITIES**

**CAPITAL STOCK:**

Preferred Stock, 283,250 shares . . . . .	\$28,325,000.00	
Common Stock, 800,000 shares . . . . .	18,800,000.00	
	<hr/>	\$47,125,000.00

**FUNDED DEBT—ISSUED:**

Total Issued . . . . .	\$33,977,500.00	
Less: Bonds Owned or in Treasury . . . . .	4,067,072.50	
	<hr/>	\$29,910,427.50
Real Estate Mortgage . . . . .	150,000.00	
	<hr/>	30,060,427.50

**CURRENT LIABILITIES:**

Bills Payable . . . . .	\$2,850,000.00	
Accounts Payable . . . . .	1,569,038.41	
Tax Accruals . . . . .	785,002.48	
Interest Accrued on Funded Debt . . . . .	331,498.00	
Other Interest . . . . .	48,474.76	
Tort Claims Including Judgments . . . . .	23,547.06	
Dividend Payable July 1, 1931 . . . . .	354,032.50	
	<hr/>	6,261,673.21

**RESERVES:**

Reserve for Contingencies . . . . .	\$20,527,038.84	
Reserve for Damages . . . . .	1,608,977.32	
Reserve for Replacement of Equipment	852,930.84	
Accrued Amortization of Capital and		
Other Reserves . . . . .	1,734,512.70	
Taxes in Litigation and Contingent		
Tax Liability . . . . .	641,747.42	
Unadjusted Credits . . . . .	71,078.16	
	<hr/>	25,436,285.28

<b>SURPLUS . . . . .</b>	<hr/>	4,028,487.55
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<b>Total Liabilities . . . . .</b>	<hr/>	<b>\$112,911,873.54</b>
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Certified by

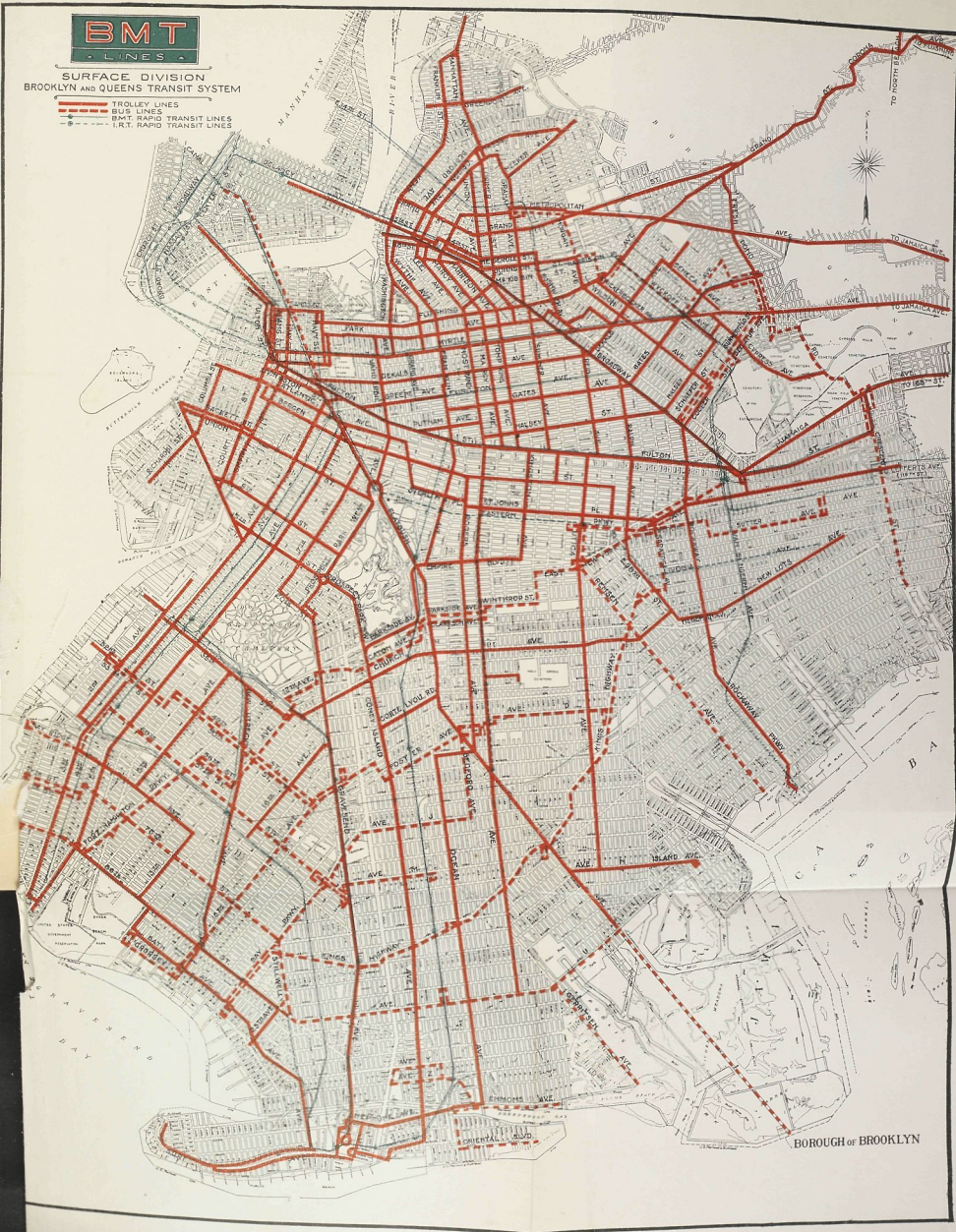
JAMES ADDISON, *Comptroller.*



**BMT**  
LINES

SURFACE DIVISION  
BROOKLYN AND QUEENS TRANSIT SYSTEM

- TROLLEY LINES
- BUS LINES
- BMT RAPID TRANSIT LINES
- I.R.T. RAPID TRANSIT LINES









THIRD  
ANNUAL REPORT

OF

Brooklyn and Queens  
Transit Corporation

FOR THE

Year Ended June 30, 1932

# Brooklyn and Queens Transit Corporation

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## DIRECTORS

FRANK BAILEY	FRED C. MARSTON
MATTHEW C. BRUSH	EDWIN P. MAYNARD
IRVING T. BUSH	WILLIAM S. MENDEN
DANIEL J. CREEM	H. HOBART PORTER
GERHARD M. DAHL	CHARLES S. SARGENT
WILLIAM N. DYKMAN	*ARTHUR S. SOMERS
CHARLES HAYDEN	FREDERICK STRAUSS
JOHN V. JEWELL	ALBERT H. WIGGIN

## EXECUTIVE COMMITTEE

MATTHEW C. BRUSH	EDWIN P. MAYNARD
GERHARD M. DAHL	WILLIAM S. MENDEN
WILLIAM N. DYKMAN	H. HOBART PORTER
CHARLES HAYDEN	FREDERICK STRAUSS
ALBERT H. WIGGIN	

## OFFICERS

Chariman of the Board.....	GERHARD M. DAHL
President.....	WILLIAM S. MENDEN
Vice President and General Counsel..	GEORGE D. YEOMANS
Vice President.....	WILLIAM T. ROSSELL
Vice President.....	GEORGE W. JONES
Secretary and Treasurer.....	FRED C. MARSTON
Comptroller.....	JAMES ADDISON

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\*Died January 6, 1932.

# THIRD ANNUAL REPORT

## OF

### Brooklyn and Queens Transit Corporation

385 Flatbush Avenue Extension, Brooklyn, N. Y.,  
August 31, 1932.

#### TO THE STOCKHOLDERS:

I submit herewith the annual report showing the condition of your Corporation on June 30, 1932, and the results of its operations for the year ended on that date.

Your Corporation owns or controls all of the passenger street surface railway lines operating in the Borough of Brooklyn and its surface lines also extend into the Borough of Queens. Your Corporation also owns the Brooklyn Bus Corporation which operates all the bus routes in the Borough of Brooklyn, three of which also extend into the Ridgewood section of the Borough of Queens and one into the Borough of Manhattan.

#### CONSOLIDATED RESULTS

The surface lines and the bus routes are operated as a co-ordinated system of surface transportation, with 282 transfer privileges between the bus routes and surface lines at 52 points of intersection specified in the bus franchise. Because this co-ordinated operation makes the surface lines and bus routes a unified system of surface transportation, the results of operations have been consolidated into a single statement. The following condensed statement of operations of the Brooklyn and Queens Transit System, therefore, includes both the surface lines and bus routes for the fiscal year ended June 30, 1932, but only the surface lines for the preceding fiscal year.

	1932	1931
Total Operating Revenue.....	\$23,621,921.17	\$22,624,831.32
Total Operating Expenses, including Depreciation.....	17,936,484.02	17,507,682.47
Net Operating Revenue.....	5,685,437.15	5,117,148.85
Taxes Paid and Accrued on Operating Properties, including Contingent Reserves for Federal Income Taxes.....	1,511,380.96	1,284,425.38
Operating Income.....	4,174,056.19	3,832,723.47
Net Non-Operating Income.....	202,698.56	187,678.84
Gross Income.....	4,376,754.75	4,020,402.31
Income Deductions—Interest, Rentals, etc..	1,732,786.76	1,511,353.02
Current Income Carried to Surplus...	\$2,643,967.99	\$2,509,049.29

The above gross income is after providing for all maintenance charges, taxes and reserves for depreciation.

## **BUS OPERATION**

On August 10, 1931, operation was begun under the bus franchise awarded to the Brooklyn Bus Corporation by the Board of Estimate and Apportionment of the City of New York on May 29, 1931, for 20 bus routes totalling approximately 75 route miles and for which the Transit Commission, after public hearings, issued certificates of convenience and necessity so as to make the effective date of the contract June 15, 1931. The franchise is for a ten year period.

Operation under the franchise was begun on six routes on August 10, and on November 30, 1932, the last of the 20 routes was placed in operation, so that on June 30, 1932, the complete system of bus routes had been in operation only seven months.

The Brooklyn Bus Corporation in the past year has purchased 225 new buses for operation under the franchise at a total cost of approximately \$2,200,000. In addition central inspection and repair shops for the maintenance of the buses and yard facilities in Flatbush, South Brooklyn and East New York were provided for at a total cost of approximately \$400,000. Properties already owned by your Company or its subsidiaries have been used for shop and yard facilities for the bus lines, thus obviating the necessity for additional large investments for real estate for use in connection with bus operations.

The Transit Commission approved the issuance of 40,000 shares of stock of the Brooklyn Bus Corporation and their purchase by your Company at \$25 in cash per share to provide the necessary capital for partial payments on buses purchased and for equipping the shop and yard facilities as well as providing working funds for the bus company.

During the past fiscal year your Company, in addition to providing \$1,000,000 in cash for the bus operating subsidiary, has provided for the reconstruction of 74 center-entrance cars into front-entrance, center-exit cars suitable for one-man operation at a total cost of approximately \$250,000. Twenty of these cars were in operation on June 30, 1932 and the balance are expected to be in operation by the end of the summer. Your Company has also arranged for the purchase of six electric buses and



the installation of the necessary overhead equipment for their operation at a cost of approximately \$100,000. Approximately 19 miles of track, or approximately 4% of the total track mileage of the surface lines, have been replaced during the year.

## ONE - MAN CAR OPERATION

At the present time approximately eighty (80%) percent of the cars operated on the trolley lines of the System are of the one-man type and all but eight of the lines of the System are regularly operated with cars of that type. On June 1, 1932, authority was granted by the Transit Commission for the use of one-man cars on all lines of the System during night hours (7 p. m. to 7 a. m.) on weekdays and for 24 hours on Sundays and holidays.

This extension of one-man operation on the System has been an important factor, together with reduced costs of materials and supplies and improved methods of maintaining cars, overhead and track equipment, in adjusting the cost of producing surface transportation in proportion to the reduction in passenger revenue and at the same time providing for the public a substantial increase in service, measured in terms of car miles operated during the past fiscal year as compared with the fiscal year ended June 30, 1930. The total number of passengers carried on the surface lines for the year ended June 30, 1932, was 440,879,409, a decrease of 8.7% from the total of 483,090,188 passengers carried in the fiscal year ended June 30, 1930. The total passenger car miles operated in the 1932 fiscal year, however, was 53,260,726, an increase of 5.8% as compared with the total of 50,339,097 passenger car miles operated in the 1930 fiscal year. As compared with the 1931 fiscal year, while passengers carried in 1932 decreased 5.5%, the total of car miles operated in the two years was substantially the same.

These figures amply substantiate the statements made on behalf of the Company, when it undertook its program to standardize the surface lines with one-man operation, that the program would provide a substantial increase in service to the public as well as reduced costs of operation for the Company.

There were paid, for the fiscal year, on the outstanding Preferred Stock of your Corporation, four quarterly dividends of \$1.50 each.

The following statement of traffic statistics includes for comparative purposes, the Brooklyn City Rail Road Company lines and the former B.-M.T. surface lines for the fiscal years ended June 30, 1924 to June 30, 1929, inclusive, while the figures for 1930, 1931 and 1932 are for the Brooklyn and Queens Transit System, the 1932 figures also include the figures for the bus routes of the Brooklyn Bus Corporation.

#### Passengers Carried

Fiscal Year	B.-M. T.	B. C. R. R.	Total
1924.....	249,009,138	250,276,015	499,285,153
1925.....	254,349,648	241,444,345	495,793,993
1926.....	252,786,017	241,516,038	494,302,055
1927.....	253,809,754	243,053,505	496,863,259
1928.....	257,361,341	242,934,391	500,295,732
1929.....	256,210,684	238,871,691	495,082,375
1930.....	.....	.....	483,090,188
1931.....	.....	.....	466,884,703
1932.....	.....	.....	493,818,422

#### WILLIAMSBURGH BRIDGE OPERATION

The Company on February 14, 1932, completed the first year of operation of its car lines across the Williamsburgh Bridge under the agreement of November 25, 1929, entered into between the City of New York and your Company. As the revenue derived from the local riders across the bridge at a 2-cent fare was not sufficient to cover the additional costs of operating service for local and through riders across the bridge, the Company applied to the City, as provided in the agreement, for permission to increase the local fare so the revenues would more nearly compensate the Company for the additional service it was providing under the agreement. The City elected to submit the application for an increased local fare to a Board of Arbitrators, for which provision was made in the agreement, and the Board of Arbitrators on April 18, 1932, authorized an increase in the local fare from 2 cents to 3 cents, the maximum fare permitted under the agreement. The increased fare was made effective on May 19, 1932.

#### ELECTRIC BUS FRANCHISE

On April 27, 1932, the City of New York awarded to your Company a franchise for the experimental operation of an electric bus route approximately three miles in length on Cortelyou Road and 16th Avenue between Flatbush Avenue and Borough Park and also gave its consent to the operation of electric buses in

substitution for trolley cars on those portions of the route over which the Company holds trolley franchises. The Transit Commission, after public hearings, issued certificates of convenience and necessity for the operation of this extended route and service over the route was begun on May 27, 1932. The Company has purchased six new electric buses for this experimental operation on the extended route to supplement the two electric buses operated on the former Cortelyou Road Line. The franchise granted by the City is for a period of two and one-half years.

A condensed consolidated balance sheet and a comparative statement of income and of surplus are appended to this report.

Respectfully submitted,

GERHARD M. DAHL,

*Chairman.*

NILES & NILES  
CERTIFIED PUBLIC ACCOUNTANTS  
165 Broadway, New York

CERTIFICATE OF ACCOUNTANTS

New York, August 31, 1932.

We have examined the books and accounts of the Brooklyn and Queens Transit Corporation and its subsidiary companies for the year ending June 30, 1932.

WE CERTIFY that the consolidated balance sheet of the Brooklyn and Queens Transit Corporation and its subsidiary companies as of June 30, 1932, and the income and surplus for the year ending June 30, 1932, are correctly shown by the statements submitted herewith and agree with their books of account.

NILES & NILES,  
*Certified Public Accountants.*



**Condensed Consolidated  
Balance Sheet  
and  
Comparative Statement  
of Income and of Surplus**

**BROOKLYN AND QUEENS TRANSIT CORPORATION AND  
SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED BALANCE SHEET  
JUNE 30, 1932**

ASSETS

ROAD AND EQUIPMENT ACCOUNTS..... \$110,475,603.17

CURRENT ASSETS:

Cash.....	\$1,005,997.26	
Coupon Deposit.....	27,890.50	
Dividend Deposit.....	440,986.10	
Mortgages Receivable.....	293,600.00	
Accounts Receivable, Associated Companies. . .	123,780.56	
Accounts and Notes Receivable, Miscellaneous. .	209,048.79	
Interest Receivable.....	19,448.83	
Materials and Supplies.....	925,649.17	3,046,401.21

SPECIAL DEPOSITS OF SECURITIES AT COST AND CASH:

City of New York re Franchises (City of New York Corporate Stock and Cash).....	132,519.84	
State Industrial Commission (City of New York Corporate Stock and Liberty Bonds).....	613,447.82	
Trustees, Fund for Replacement of Equipment: Securities of Associated Com- panies.....	\$1,098,468.50	
Other Securities, Cash and In- terest Receivable.....	19,196.23	

1,117,664.73

LESS: Securities of Associated Companies Eliminated.....	1,092,423.50	25,241.23
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Other Special Deposits.....	102,758.23	873,967.12
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PREPAID ACCOUNTS (Interest, Taxes, Insurance, etc.)..... 470,383.10

ACCOUNTS IN LITIGATION AND ITEMS IN SUSPENSE..... 725,056.45

TOTAL.....	\$115,591,411.05
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**BROOKLYN AND QUEENS TRANSIT CORPORATION AND  
SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED BALANCE SHEET  
JUNE 30, 1932**

**CAPITAL STOCK, LIABILITIES AND SURPLUS**

**CAPITAL STOCK:**

	<i>Authorized</i>	<i>Outstanding</i>		
Preferred Stock.....	283,250 sh.	283,250 sh.	\$28,325,000.00	
Common Stock.....	820,000 sh.	800,000 sh.	18,800,000.00	\$47,125,000.00

**FUNDED DEBT—ISSUED:**

Total Issued.....	37,015,166.67	
LESS: Bonds Owned and in Treasury.....	6,714,072.50	
	30,301,094.17	
Real Estate Mortgage.....	150,000.00	30,451,094.17

**CURRENT LIABILITIES:**

Bills Payable.....	3,700,000.00	
Accounts Payable, Associated Companies.....	339,918.18	
Accounts Payable, Other Companies.....	1,219,274.11	
Dividend Payable.....	440,986.10	
Tax Accruals.....	655,535.85	
Interest Accrued on Funded Debt.....	635,506.45	
Other Interest.....	58,573.69	
Tort Claims and Judgments.....	23,522.06	7,073,316.44

**RESERVES:**

Reserve for Contingencies.....	20,495,074.93	
Reserve for Damages.....	1,691,368.35	
Reserve for Replacement of Equipment.....	1,117,664.73	
Accrued Amortization of Capital and Other Reserves.....	2,051,228.44	
Taxes in Litigation and Contingent Tax Liability	665,579.92	
Unadjusted Credits.....	192,083.72	26,213,000.09

**SURPLUS:**

Balance, June 30, 1932 as per Statement.....	5,734,950.34	
LESS: Excess of Cost over Par or Stated Value of Inter-Company Securities Eliminated in Con- solidation (Net).....	1,005,949.99	4,729,000.35

<b>TOTAL.....</b>	<b>\$115,591,411.05</b>
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**BROOKLYN AND QUEENS TRANSIT SYSTEM**  
**COMPARATIVE STATEMENT OF INCOME AND OF SURPLUS**  
**TWO YEARS ENDING JUNE 30, 1932**

	1932	1931
<b>REVENUE FROM TRANSPORTATION:</b>		
Passenger Revenue other than Brooklyn Bus Corporation.....	\$20,200,522.69	\$21,694,562.92
Passenger Revenue, Brooklyn Bus Corporation..	2,582,367.84	
Freight Revenue.....	254,336.46	297,534.94
<b>TOTAL REVENUE FROM TRANSPORTATION...</b>	<b>23,037,226.99</b>	<b>21,992,097.86</b>
<b>OTHER STREET RAILWAY OPERATING REVENUES:</b>		
Advertising.....	253,841.37	241,312.47
Other Car and Station Privileges.....	5,250.00	7,083.34
Rent of Buildings and Other Property.....	154,594.03	161,659.53
Rent of Equipment.....	99,317.61	145,129.71
Rent of Tracks and Terminals.....	53,430.82	53,423.87
Sale of Power.....	7,472.90	11,912.04
Miscellaneous Receipts.....	10,787.45	12,212.50
<b>TOTAL OTHER STREET RAILWAY OPERATING REVENUES.....</b>	<b>584,694.18</b>	<b>632,733.46</b>
<b>TOTAL STREET RAILWAY OPERATING REVENUES.....</b>	<b>23,621,921.17</b>	<b>22,624,831.32</b>
<b>OPERATING EXPENSES:</b>		
Maintenance of Way and Structures.....	1,661,454.02	1,987,600.61
Maintenance of Equipment.....	2,451,229.31	2,508,704.57
Operation of Power Plant.....	2,482,065.17	2,531,285.83
Operation of Cars—Trainmen's Wages.....	6,098,674.26	6,130,365.10
Operation of Cars—Other Expenses.....	2,412,124.64	1,798,419.31
Damages.....	1,322,557.12	1,192,310.90
Legal Expense in connection with Damages....	285,927.58	227,641.74
General Law Expenses.....	77,224.40	74,077.59
Other General Expenses.....	921,545.62	789,843.93
Freight Expenses.....	223,681.90	267,432.89
<b>TOTAL OPERATING EXPENSES.....</b>	<b>17,936,484.02</b>	<b>17,507,682.47</b>
<b>NET REVENUE FROM OPERATION.....</b>	<b>5,685,437.15</b>	<b>5,117,148.85</b>
<b>TAXES ACCRUED ON OPERATING PROPERTIES.....</b>	<b>1,511,380.96</b>	<b>1,284,425.38</b>
<b>OPERATING INCOME.....</b>	<b>4,174,056.19</b>	<b>3,832,723.47</b>
<b>NON-OPERATING REVENUE:</b>		
Rents Accrued from Lease of Road.....	85,200.00	85,200.00
Miscellaneous Rent Revenues.....	90,734.67	97,281.04
Interest Revenues.....	59,841.73	59,611.95
Miscellaneous.....	96.00	*37.60
<b>TOTAL NON-OPERATING REVENUES.....</b>	<b>235,872.40</b>	<b>242,055.39</b>
<b>NON-OPERATING REVENUE DEDUCTIONS:</b>		
Rent Expense.....	4,764.10	1,592.31
Non-Operating Taxes.....	28,409.74	52,784.24
<b>TOTAL NON-OPERATING REVENUE DEDUCTIONS.....</b>	<b>33,173.84</b>	<b>54,376.55</b>
<b>NET NON-OPERATING INCOME.....</b>	<b>202,698.56</b>	<b>187,678.84</b>
<b>GROSS INCOME (Carried Forward).....</b>	<b>\$4,376,754.75</b>	<b>\$4,020,402.31</b>



	1932	1931
GROSS INCOME ( <i>Brought Forward</i> ).....	\$4,376,754.75	\$4,020,402.31
INCOME DEDUCTIONS:		
Interest Deductions.....	1,631,214.08	1,461,923.45
Rent for Lease of Other Road and Equipment..	225.00	225.00
Other Rent Deductions.....	90,113.97	35,083.96
Sinking Fund Accruals.....	658.20	658.20
Amortization.....	10,575.51	13,462.41
TOTAL INCOME DEDUCTIONS.....	1,732,786.76	1,511,353.02
CURRENT INCOME CARRIED TO SURPLUS.....	2,643,967.99	2,509,049.29
SURPLUS:		
Balance June 30, 1931, as per Company's Report.....	\$4,028,487.55	
Add Amount deducted in Com- pany's Report for Elimination of Inter-Company Securities in Consolidated Balance Sheet....	1,071,526.49	
SURPLUS AS PER BOOKS.....	5,100,014.04	
BROOKLYN BUS CORPORATION DEFICIT, JUNE 30, 1931	*38,233.87	
TOTAL.....	7,705,748.16	
DEDUCTIONS:		
Expenses determined during 1932 applicable to prior years.....	165,116.44	
Additions to Reserves for Damages and for De- preciation of prior years.....	216,161.57	
Adjustment of Reserve for Undetermined Assets, etc.....	4,317.93	
Miscellaneous Adjustments.....	73,709.10	
TOTAL DEDUCTIONS.....	459,305.04	
ADDITIONS:		
Profit on Sales of Real Estate.....	112,604.75	
Reduction of U. S. Tax Accruals of prior years to amount finally determined, less Expenses.....	44,792.36	
Adjustment of Fixed Capital Accounts.....	30,610.11	
TOTAL ADDITIONS.....	188,007.22	
NET DEDUCTIONS.....	271,297.82	
BALANCE OF SURPLUS BEFORE DIVIDENDS.....	7,434,450.34	
DEDUCT DIVIDENDS DECLARED ON PREFERRED STOCK OF BROOKLYN AND QUEENS TRANSIT CORPORATION	1,699,500.00	
SURPLUS, BALANCE JUNE 30, 1932.....	\$5,734,950.34	

\*Figures in italics indicate deduction



FOURTH  
ANNUAL REPORT

OF

Brooklyn and Queens  
Transit Corporation

FOR THE

Year Ended June 30, 1933

# Brooklyn and Queens Transit Corporation

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## DIRECTORS

FRANK BAILEY	FRED C. MARSTON
MATTHEW C. BRUSH	EDWIN P. MAYNARD
IRVING T. BUSH	WILLIAM S. MENDEN
DANIEL J. CREEM	H. HOBART PORTER
GERHARD M. DAHL	CHARLES S. SARGENT
WILLIAM N. DYKMAN	FREDERICK STRAUSS
CHARLES HAYDEN	HERBERT BAYARD SWOPE
JOHN V. JEWELL	ALBERT H. WIGGIN

## EXECUTIVE COMMITTEE

MATTHEW C. BRUSH	EDWIN P. MAYNARD
GERHARD M. DAHL	WILLIAM S. MENDEN
WILLIAM N. DYKMAN	H. HOBART PORTER
CHARLES HAYDEN	FREDERICK STRAUSS
ALBERT H. WIGGIN	

## OFFICERS

Chairman of Board.....	GERHARD M. DAHL
President.....	WILLIAM S. MENDEN
Vice President and General Counsel.....	GEORGE D. YEOMANS
Vice President.....	WILLIAM T. ROSSELL
Vice President.....	GEORGE W. JONES
Secretary and Treasurer.....	FRED C. MARSTON
Comptroller.....	JAMES ADDISON



# FOURTH ANNUAL REPORT

## OF

### Brooklyn and Queens Transit Corporation

385 Flatbush Avenue Extension, Brooklyn, N. Y.

August 31, 1933.

#### TO THE STOCKHOLDERS:

I submit herewith the annual report showing the condition of your Corporation on June 30, 1933, and the results of its operations for the year ended on that date.

Your Corporation owns or controls all of the passenger street surface railway lines operating in the Borough of Brooklyn and some of its surface lines also extend into the Borough of Queens. Your Corporation also owns the Brooklyn Bus Corporation which operates all of the bus routes in the Borough of Brooklyn, three of which routes also extend into the Borough of Queens and one into the Borough of Manhattan.

#### CONSOLIDATED RESULTS

The surface lines and the bus routes are operated as a co-ordinated system of surface transportation, with an interchange of passengers by transfer at points of intersection specified in the bus franchise contract. The results of operations of the surface lines and buses have therefore been consolidated into a single statement. The following condensed statement of operations of the Brooklyn and Queens Transit System, therefore, includes both the surface lines and the bus routes for the fiscal year ended June 30, 1933 and also for the preceding fiscal year.

	1933	1932
Total Operating Revenue.....	\$21,644,259.85	\$23,621,921.17
Total Operating Expenses, including depreciation .....	15,911,408.00	17,936,484.02
Net Operating Revenue.....	\$5,732,851.85	\$5,685,437.15
Taxes Paid and Accrued on Operating Properties, including Contingent Reserve for Federal Income Taxes.....	1,594,387.67	1,511,380.96
Operating Income .....	\$4,138,464.18	\$4,174,056.19
Net Non-Operating Income .....	210,685.02	202,698.56
Gross Income .....	\$4,349,149.20	\$4,376,754.75
Income Deductions—Interest, Rentals, etc. ....	1,687,594.34	1,732,786.76
Current Income Carried to Surplus.....	\$2,661,554.86	\$2,643,967.99

The above gross income is after providing for all maintenance charges, taxes and reserves for depreciation.

## BUS OPERATION

The year ended June 30, 1933, is the first complete fiscal year of operation under the bus franchise granted to the Brooklyn Bus Corporation for 20 bus routes totalling approximately 75 route miles. Operation under the franchise contract began on August 10, 1931 and all of the 20 routes were in operation on November 30, 1931. During the fiscal year ended June 30, 1933, a total of 62,566,600 fare passengers were carried on the bus routes and a total of 9,419,513 bus miles operated.

At the request of civic organizations in the localities in which the bus routes operate, application was made to the Board of Estimate and Apportionment for modifications of eight of the bus routes and the division of another route into two separate routes. These modifications of route, while of minor character generally, were accepted by the Bus Corporation as better serving the desires of the passengers and residents in the areas directly affected by the changes. The Board of Estimate and Apportionment has consented to amend the franchise contract so as to modify six of the routes and divide the other route into two separate routes, making the total number of routes included in the amended franchise contract twenty-one but not adding materially to the total mileage of the routes.

## REDUCTION IN OPERATING COSTS

In the condensed statement of operations above it will be observed that total operating revenues in 1933 were \$21,644,259.85 or \$1,977,661.32 less than in 1932 whereas total operating expenses in 1933 were only \$15,911,408.00, a decrease of \$2,025,076.02 as compared with 1932. Two major factors that made this reduction in operating costs possible were the ten percent (10%) reduction in the salaries, wages or compensation of all officers and employes that became effective in August, 1932, and the extension of the use of one-man cars on the surface lines. During the past fiscal year, seven of the surface lines were converted to one-man operation so that on June 30, 1933 all but one of the surface lines were operated regularly with one-man cars. In addition, progress has been made in centralizing and concentrating maintenance work so as to reduce unit costs without any impairment of efficiency and without reducing the reserves for depreciation. In bringing about the reduction in operating expenses commensurate with the decrease in revenues, each company of the System has followed the policy of maintaining its staff of employes at the same level as a year ago (except as to

resignations, retirements, deaths or dismissals for cause) and has endeavored to spread the work available as equitably as possible among all employes qualified for the various classes of work so that no undue hardship would be imposed on any group of employes. While the carrying out of this policy has resulted in a reduction of hours worked per week for some employes, it has prevented any increase in the general unemployment situation that has been so critical during the past year. It is also worthy of note that the ten percent (10%) reduction in wages made effective in August 1932 is the only general reduction in wages for employes of the B. and Q. T. System that has been made since the business depression began in 1929.

### **FINANCIAL**

During the year there was a reduction in Net Funded Debt of \$841,300 and a decrease in Bills Payable of \$700,000.

### **TRAFFIC**

The total number of fare passengers carried on all lines of the Brooklyn and Queens Transit System, including the routes of the Brooklyn Bus Corporation, for the fiscal year ended June 30, 1933 was 436,932,515, a decrease of 37,661,748 passengers or 7.9% from the preceding fiscal year.

### **SURFACE LINES**

The total number of fare passengers carried on the surface trolley lines in the fiscal year ended June 30, 1933, was 374,365,915, a decrease of 47,506,889 passengers or 11.26% from the preceding fiscal year and a decrease of 90,569,907 passengers or 19.5% from the fiscal year ended June 30, 1930.

The total car miles operated on the surface trolley lines in the 1933 fiscal year was 50,278,354, a decrease of only 60,763 car miles or 0.1% from the total car miles operated in the year ended June 30, 1930.

The decrease of 0.1% in car miles operated from 1930 to 1933 compares with the decrease of 19.5% in passengers carried on the surface lines in the same period.

### **RECONSTRUCTION OF SURFACE CARS**

In the last annual report reference was made to the reconstruction of 74 center-entrance cars into front-entrance, center-exit cars suitable for one-man operation, of which 20 cars were in operation



on June 30, 1932. In addition to completing the reconstruction of the remaining 54 cars of that lot during the 1933 fiscal year, your Corporation also provided for the reconstruction of 182 additional cars—77 into front-entrance, center-exit cars and 105 into front-entrance, rear-exit cars—so they would be suitable for one-man operation. All of these cars were in service by February 15, 1933. The total cost of reconstructing these 236 cars was approximately \$530,000. While this reconstruction involves some betterment elements that might properly be charged to capital account, all of this expenditure will be assumed as maintenance expense. The car builders who remodeled the cars agreed to accept payment for the work in monthly installments over a period of approximately eighteen months and \$191,000 of this expense was assumed and charged to maintenance in the fiscal year ended June 30, 1933. Practically all of the remainder will be paid out of maintenance expense during the fiscal year ending June 30, 1934.

Approximately 13.25 miles of surface track were reconstructed in the 1933 fiscal year, as compared with 19.5 miles of track reconstructed in the preceding fiscal year. While the total miles of track reconstructed in the 1933 fiscal year was less than in the previous year, the sum of \$605,000 was charged against maintenance costs and added to the reserve for replacements of way and structure as in previous years. The actual amount expended for replacements during the 1933 fiscal year totalled approximately \$480,000, so that as of June 30, 1933, there was in the reserve fund available for replacements in the future a balance of \$137,000 as compared with a balance of only \$17,500 in that reserve as of June 30, 1932.

There were paid, for the fiscal year, on the outstanding Preferred Stock of your Corporation, four quarterly dividends of \$1.50 each.

A condensed consolidated balance sheet and a comparative statement of income and of surplus are appended to this report.

Respectfully submitted,

GERHARD M. DAHL,  
*Chairman.*



NILES & NILES  
CERTIFIED PUBLIC ACCOUNTANTS  
165 Broadway, New York

CERTIFICATE OF ACCOUNTANTS

New York, August 31, 1933.

We have examined the books and accounts of the Brooklyn and Queens Transit Corporation and its subsidiary companies for the year ending June 30, 1933.

WE CERTIFY that the consolidated balance sheet of the Brooklyn and Queens Transit Corporation and its subsidiary companies as of June 30, 1933, and the income and surplus for the year ending June 30, 1933, are correctly shown by the statements submitted herewith and agree with their books of account.

NILES & NILES,  
*Certified Public Accountants.*

**Comparative Statement  
of Income and of Surplus  
and  
Condensed Consolidated  
Balance Sheet**

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## COMPARATIVE STATEMENT OF INCOME AND OF EARNED SURPLUS,

TWO YEARS ENDING JUNE 30, 1933

### REVENUE FROM TRANSPORTATION:

	1933	1932
Passenger Revenue other than Brooklyn Bus Corporation .....	\$17,955,250.85	\$20,200,522.69
Passenger Revenue, Brooklyn Bus Corporation.....	3,037,460.18	2,582,367.84
Freight Revenue .....	225,511.05	254,336.46
<b>TOTAL REVENUE FROM TRANSPORTATION.....</b>	<b>\$21,218,222.08</b>	<b>\$23,037,226.99</b>

### OTHER OPERATING REVENUES:

Advertising .....	146,593.20	253,841.37
Other Car and Station Privileges.....	4,250.00	5,250.00
Rent of Buildings and Other Property.....	126,746.36	154,594.03
Rent of Equipment.....	80,256.63	99,317.61
Rent of Tracks and Terminals.....	52,028.52	53,430.82
Sale of Power .....	4,954.66	7,472.90
Miscellaneous Receipts .....	11,208.40	10,787.45
<b>TOTAL OTHER OPERATING REVENUES.....</b>	<b>\$426,037.77</b>	<b>\$584,694.18</b>

<b>TOTAL OPERATING REVENUES.....</b>	<b>\$21,644,259.85</b>	<b>\$23,621,921.17</b>
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### OPERATING EXPENSES:

Maintenance of Way and Structures.....	\$813,029.22	\$1,056,454.02
Depreciation of Way and Structures.....	605,000.00	605,000.00
Maintenance of Equipment.....	1,769,234.64	1,796,136.28
Depreciation of Equipment.....	752,542.98	655,093.03
Operation of Power Plant.....	2,246,544.82	2,482,065.17
Operation of Cars—Trainmen's Wages.....	4,960,137.37	6,098,674.26
Operation of Cars—Other Expenses.....	2,062,467.68	2,412,124.64
Damages .....	1,288,099.33	1,322,557.12
Legal Expense in Connection with Damages.....	285,117.71	285,927.58
General Law Expenses.....	79,446.16	77,224.40
Other General Expenses.....	864,157.29	921,545.62
Freight Expenses .....	185,630.80	223,681.90
<b>TOTAL OPERATING EXPENSES.....</b>	<b>\$15,911,408.00</b>	<b>\$17,936,484.02</b>

<b>NET REVENUE FROM OPERATION.....</b>	<b>\$5,732,851.85</b>	<b>\$5,685,437.15</b>
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<b>TAXES ACCRUED ON OPERATING PROPERTIES.....</b>	<b>1,594,387.67</b>	<b>1,511,380.96</b>
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<b>OPERATING INCOME .....</b>	<b>\$4,138,464.18</b>	<b>\$4,174,056.19</b>
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### NON-OPERATING REVENUE:

Rents Accrued from Lease of Road.....	85,200.00	85,200.00
Miscellaneous Rent Revenues.....	103,006.36	90,734.67
Interest Revenues .....	57,602.41	59,841.73
Miscellaneous .....	.....	96.00
<b>TOTAL NON-OPERATING REVENUES.....</b>	<b>\$245,808.77</b>	<b>\$235,872.40</b>

### NON-OPERATING REVENUE DEDUCTIONS:

Rent Expense .....	8,571.53	4,764.10
Non-Operating Taxes .....	26,552.22	28,409.74
<b>TOTAL NON-OPERATING REVENUE DEDUCTIONS</b>	<b>35,123.75</b>	<b>33,173.84</b>

<b>NET NON-OPERATING INCOME.....</b>	<b>210,685.02</b>	<b>202,698.56</b>
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<b>GROSS INCOME (Carried Forward).....</b>	<b>\$4,349,149.20</b>	<b>\$4,376,754.75</b>
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	1933	1932
GROSS INCOME ( <i>Brought Forward</i> ).....	\$4,349,149.20	\$4,376,754.75
INCOME DEDUCTIONS:		
Interest Deductions .....	1,566,495.14	1,631,214.08
Rent for Lease of Other Road and Equipment.....	426.24	225.00
Other Rent Deductions.....	35,243.12	90,113.97
Sinking Fund Accruals .....	76,829.87	658.20
Amortization .....	8,599.97	10,575.51
TOTAL INCOME DEDUCTIONS.....	\$1,687,594.34	\$1,732,786.76
CURRENT INCOME CARRIED TO SURPLUS.....	\$2,661,554.86	\$2,643,967.99
SURPLUS:		
Balance June 30, 1932, per Com- pany's Report .....	\$5,734,950.34	
Less: Amount transferred to Cap- ital Surplus .....	2,537,098.85	
BALANCE, EARNED SURPLUS, JUNE 30, 1932.....	3,197,851.49	
	\$5,859,406.35	
DEDUCTIONS:		
Miscellaneous Adjustments of In- come and Expense applicable to prior years—Net .....	\$132,004.42	
Less: Profit on Sales of Securi- ties and Real Estate.....	84,861.40	
NET DEDUCTIONS .....	47,143.02	
BALANCE OF SURPLUS BEFORE DIVIDENDS.....	\$5,812,263.33	
DEDUCT DIVIDENDS ON PREFERRED STOCK OF BROOKLYN AND QUEENS TRANSIT CORPORATION.....	1,699,500.00	
EARNED SURPLUS, JUNE 30, 1933.....	<u>\$4,112,763.33</u>	



**BROOKLYN AND QUEENS TRANSIT CORPORATION AND  
SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED BALANCE SHEET**

**JUNE 30, 1933**

**A S S E T S**

ROAD AND EQUIPMENT AT COST.....		\$109,672,555.69	
CURRENT ASSETS:			
Cash .....	\$892,379.95		
Coupon Deposit .....	21,076.50		
Dividend Deposit .....	444,492.35		
Mortgages Receivable .....	290,500.00		
Accounts Receivable, Associated Companies.....	21,869.61		
Accounts Receivable, Miscellaneous \$515,669.12			
Less: Reserve for Doubtful Ac-			
counts .....	215,939.40		
		299,729.72	
Interest Receivable .....		19,739.15	
Materials and Supplies.....		840,351.53	
			2,830,138.81
SPECIAL DEPOSITS OF SECURITIES AT COST AND CASH:			
City of New York re Franchises:			
City of New York Corporate Stock, Cash, etc....	\$132,519.84		
State Industrial Commission:			
City of New York Corporate Stock and Liberty			
Bonds .....	620,509.07		
Trustees, Fund for Replacement of Equipment:			
Securities of Associated Com-			
panies .....	\$1,387,468.50		
Other Securities, Cash and In-			
terest Receivable .....	58,812.44		
		\$1,446,280.94	
Less: Securities and Interest of			
Associated Companies Elim-			
inated .....	1,421,765.16		
		24,515.78	
Other Special Deposits .....		89,764.26	
			867,308.95
DEFERRED CHARGES:			
Prepaid Accounts (Interest, Taxes, Insurance,			
etc.) .....	\$335,180.39		
Unamortized Debt Discount, Reconstructing Cars			
and Buildings and Other Items in Suspense.....	897,424.21		
			1,232,604.60
TOTAL .....			<u>\$114,602,608.05</u>

**BROOKLYN AND QUEENS TRANSIT CORPORATION AND  
SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED BALANCE SHEET**

**JUNE 30, 1933**

**CAPITAL STOCK, LIABILITIES AND SURPLUS**

<b>CAPITAL STOCK—ISSUED AND OUTSTANDING:</b>		
Preferred Stock, 283,250 shares.....	\$28,325,000.00	
Common Stock, 800,000 shares.....	18,800,000.00	
		<hr/>
		\$47,125,000.00
<b>FUNDED DEBT AS PER SCHEDULE PAGE 29</b> .....		29,459,794.17
<b>REAL ESTATE MORTGAGE</b> .....		150,000.00
<b>CURRENT LIABILITIES:</b>		
Bills Payable, Unsecured.....	\$3,000,000.00	
Accounts Payable, Associated Companies.....	569,569.98	
Accounts Payable, Miscellaneous .....	1,172,928.11	
Dividend Payable .....	444,492.35	
Tax Accruals .....	628,866.16	
Interest Accrued on Funded Debt.....	606,997.17	
Other Interest .....	25,061.71	
Tort Claims and Judgments.....	22,672.06	
		<hr/>
		6,470,587.54
<b>RESERVES:</b>		
Contingencies .....	\$19,293,161.79	
Amortization of Capital.....	2,235,040.57	
Replacement of Equipment.....	1,446,280.94	
Damages .....	1,875,099.38	
Taxes in Litigation and Contingent Tax Liability .....	665,579.92	
Other Reserves .....	176,142.07	
Unadjusted Credits .....	62,274.48	
		<hr/>
		25,753,579.15
<b>EXCESS OF PAR OR STATED VALUE OVER COST OF INTER- COMPANY SECURITIES ELIMINATED IN CONSOLIDA- TION (NET)</b> .....		
		65,311.50
<b>CAPITAL SURPLUS</b> .....	\$2,537,098.85	
Less: Amount eliminated in consolidation.....	1,071,526.49	
		<hr/>
		1,465,572.36
<b>EARNED SURPLUS as per statement</b> .....		4,112,763.33
		<hr/>
<b>TOTAL</b> .....		<u>\$114,602,608.05</u>

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

FUNDED DEBT—JUNE 30, 1933

	Maturity	Interest Rate	Outstanding	Intercompany Holdings	In the Hands of Public
<b>BROOKLYN AND QUEENS TRANSIT CORPORATION:</b>					
Brooklyn and Queens Transit Corporation Consolidated Mortgage.....	1/1/40	5%	\$1,500,000.00	.....	\$1,500,000.00
Contract—Osgood Bradley Car Corporation.....	(a)	6%	46,200.00	.....	46,200.00
<b>Brooklyn, Queens County and Suburban Railroad Company:</b>					
First Mortgage.....	7/1/41	5%	3,002,000.00	1,593,000.00	1,409,000.00
First Consolidated Mortgage.....	7/1/41	5%	2,884,000.00	(f) 228,000.00	2,656,000.00
<b>The Brooklyn City Rail Road Company:</b>					
First Consolidated Mortgage.....	7/1/41	5%	6,000,000.00	(f) 295,000.00	5,705,000.00
Refunding Mortgage.....	8/1/56	4%	925,000.00	925,000.00	.....
Equipment Trust Certificates.....	(b)	5%	750,000.00	3,000.00	747,000.00
<b>Brooklyn City and Newtown Railroad Company:</b>					
Consolidated First Mortgage.....	7/1/39	5%	2,000,000.00	(f) 45,000.00	1,955,000.00
<b>The Coney Island and Brooklyn Railroad Company:</b>					
First Consolidated Mortgage.....	7/1/48	4%	2,000,000.00	98,000.00	1,902,000.00
Brooklyn, Bath and West End Railroad Company General Mortgage	10/1/33	5%	121,000.00	10,072.50	110,927.50
Atlantic Avenue Railroad Company Improvement Mortgage.....	1/1/34	5%	220,000.00	23,000.00	197,000.00
<b>Nassau Electric Railroad Company:</b>					
First Mortgage.....	4/1/44	5%	660,000.00	.....	660,000.00
First Consolidated Mortgage.....	1/1/51	4%	13,749,000.00	(f) (g) 3,498,000.00	10,251,000.00
			<u>\$33,857,200.00</u>	<u>\$6,718,072.50</u>	<u>\$27,139,127.50</u>
<b>BROOKLYN BUS CORPORATION:</b>					
Bus Purchase Notes.....	(c)	5%	\$696,666.67	.....	\$696,666.67
Conditional Sale Agreement—Mack International Motor Truck Corporation.....	(d)	5%	350,000.00	.....	350,000.00
			<u>\$1,046,666.67</u>	<u>.....</u>	<u>\$1,046,666.67</u>
<b>B. AND Q. SERVICE COMPANY, INC.:</b>					
Car Lease Warrants.....	(e)		\$1,274,000.00	.....	\$1,274,000.00
			<u>\$36,177,866.67</u>	<u>\$6,718,072.50</u>	<u>\$29,459,794.17</u>
<b>TOTAL .....</b>					
<b>(a) Payable in semi-annual installments of \$6,600.00 each.</b>					
<b>(b) Payable in annual installments of \$375,000.00 each.</b>					
<b>(c) Payable in monthly installments of \$18,333.33 each.</b>					
<b>(d) Payable in semi-annual installments of \$50,000.00 each.</b>					
<b>(e) Payable in annual installments of principal \$130,000.00 and semi-annual installments of interest.</b>					
			<b>(f) Deposited in Fund for Replacement of Equipment:</b>		
			B. C. First Consolidated 5s.....		\$295,000.00
			B. C. & N. First 5s.....		13,000.00
			B. Q. C. & S. First Consolidated 5s.....		47,000.00
			N. E. First Consolidated 4s.....		51,000.00
			<b>(g) \$1,171,000.00 deposited with Trustee.</b>		







THE TWENTIETH CENTURY PRESS  
New York

FIFTH  
ANNUAL REPORT

OF

Brooklyn and Queens  
Transit Corporation

FOR THE

Year Ended June 30, 1934

# Brooklyn and Queens Transit Corporation

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## DIRECTORS

FRANK BAILEY	FRED C. MARSTON
MATTHEW C. BRUSH	EDWIN P. MAYNARD
IRVING T. BUSH	WILLIAM S. MENDEN
DANIEL J. CREEM	H. HOBART PORTER
GERHARD M. DAHL	CHARLES S. SARGENT
WILLIAM N. DYKMAN	FREDERICK STRAUSS
CHARLES HAYDEN	HERBERT BAYARD SWOPE
JOHN V. JEWELL	ALBERT H. WIGGIN

## EXECUTIVE COMMITTEE

MATTHEW C. BRUSH	EDWIN P. MAYNARD
GERHARD M. DAHL	WILLIAM S. MENDEN
WILLIAM N. DYKMAN	H. HOBART PORTER
CHARLES HAYDEN	FREDERICK STRAUSS
ALBERT H. WIGGIN	

## OFFICERS

Chairman of Board.....	GERHARD M. DAHL
President.....	WILLIAM S. MENDEN
Vice President and General Counsel.....	GEORGE D. YEOMANS
Vice President.....	WILLIAM T. ROSSELL
Vice President.....	GEORGE W. JONES
Secretary and Treasurer.....	FRED C. MARSTON
Comptroller.....	JAMES ADDISON



# FIFTH ANNUAL REPORT OF Brooklyn and Queens Transit Corporation

385 Flatbush Avenue Extension, Brooklyn, N. Y.,

August 28, 1934.

## TO THE STOCKHOLDERS:

I submit herewith the annual report showing the condition of your Corporation on June 30, 1934, and the results of its operations for the year ended on that date.

## CONSOLIDATED RESULTS

The following condensed statement of operations includes both the trolley lines and the bus routes for the fiscal year ended June 30, 1934, and also for the preceding year.

	<b>B. and Q. T. System</b>	
	1934	1933
Total Operating Revenue.....	\$21,148,100.71	\$21,644,259.85
Total Operating Expenses, including Depreciation.....	15,974,966.79	15,911,408.00
Net Operating Revenue.....	5,173,133.92	5,732,851.85
Taxes Paid and Accrued on Operating Properties, including Contingent Reserve for Federal Income Taxes.....	1,517,823.50	1,594,387.67
Operating Income.....	3,655,310.42	4,138,464.18
Net Non-Operating Income.....	200,657.92	210,685.02
Gross Income.....	3,855,968.34	4,349,149.20
Income Deductions—Interest, Rentals, etc..	1,565,822.47	1,687,594.34
Current Income Carried to Surplus. . .	\$2,290,145.87	\$2,661,554.86

The above gross income is after providing for all maintenance charges, taxes and reserves for depreciation.

## TRAFFIC

The total number of fare passengers carried on all lines of the Brooklyn and Queens Transit System including the routes of the Brooklyn Bus Corporation for the respective fiscal years ended June 30, are as follows:

	1934	1933	<sup>%</sup> Inc. or Dec.
Trolley lines.....	360,804,362	374,365,915	-3.6%
Bus lines.....	66,989,534	62,566,600	+7.1
Total.....	427,793,896	436,932,515	-2.1%

The decrease in traffic on trolley lines is largely due to the loss of traffic to the Independent Subway System, the operation of which was extended on October 7, 1933, into the Park Slope and West Flatbush areas of Brooklyn. Many passengers who formerly used the trolley lines in those areas now use the new subway line.

The total car miles operated on trolley lines in the fiscal year ended June 30, 1934, was 48,840,221, being a decrease of 1,438,133 car miles or 2.8% of the total car miles operated in the previous year and a decrease of 1,498,896 car miles or 3% of the total car miles operated in the fiscal year ended June 30, 1930.

The decrease of 3% in car miles operated in 1934 as compared with 1930 compares with a decrease of 22.4% in passengers carried on trolley lines in the same period and indicates the extent to which the quality of service has been maintained in an endeavor to attract as many passengers as possible to the trolley lines.

## REVENUES AND OPERATING COSTS

In the condensed consolidated statement of operations above, it will be observed that the total operating revenues in 1934 were \$496,159.14 less than in 1933. The total operating expenses in 1934 were \$63,558.79 more than in 1933. Costs of material used in operation and maintenance of the System were approximately \$260,000 higher in 1934 than in 1933. Also the charges to "Depreciation" for equipment were \$134,000 higher than the previous year.

Approximately 20 miles of surface track were reconstructed in the fiscal year ended June 30, 1934 as compared with 13.25 miles of track reconstructed in the preceding year.

## BUS ROUTES

Passenger traffic on the bus routes operated by the Brooklyn Bus Corporation increased 7.1 percent in the fiscal year ended June 30, 1934, as compared with the preceding fiscal year. The total number of fare passengers carried on the bus routes in 1934 was 66,989,534 whereas the total number in 1933 was 62,566,600. The total number of bus miles operated in the 1934 fiscal year was 9,904,110, an increase of 484,597 bus miles or 5.1 percent over the preceding fiscal year.

The bus system now comprises 21 routes. As originally operated it included 20 routes. The franchise contract was amended by the Board of Estimate and Apportionment on July 20, 1933, so as to convert one of the original routes into two routes, with some extensions added to the parts of the original route. The revised routes were placed in operation on September 1, 1933. Further extensions and modifications of the routes of the bus system, so as to provide bus service in sections of the borough not directly served by existing routes, are under discussion at present with representatives of civic organizations in the areas affected with a view to working out a program of further extensions and improvements in surface transportation in Brooklyn.

Because of the increase in passenger traffic on the bus routes, orders were placed in May and June for 35 new buses at a total net cost of approximately \$275,500, of which sum \$163,000 is to be paid within six months after the delivery of the buses and the remaining \$112,500 to be paid in ten semi-annual installments. Of these new buses, 28 are additional units and seven are being used to replace an equal number of buses that had been in operation since 1928 and 1929 and were sold as part of the transaction for the purchase of new buses.



## FINANCIAL

There was no change in the amount of the bank loans of the Brooklyn and Queens Transit Corporation during the fiscal year, the amount of these loans as of June 30, 1934 being \$3,000,000, but during the year the funded debt of the Brooklyn and Queens Transit System was reduced as follows:

Brooklyn, Bath and West End Railroad Company 5% bonds paid on October 1, 1933.....	\$ 121,000
Atlantic Avenue Railroad Company Mortgage 5% bonds, paid January 1, 1934.....	220,000
Brooklyn City Rail Road Company equipment trust certificates.....	375,000
B. and Q. Service Co., Inc., car lease warrants.....	182,000
Brooklyn Bus Corporation, bus purchase notes.....	320,000
Total.....	\$1,218,000

During the year settlement was made of portion of tax claims in litigation or in dispute with the City of New York by payment of \$365,000, which settlement disposed of approximately one-half of the tax claims by the City pending against the predecessor companies of the Brooklyn and Queens Transit System.

There were paid for the fiscal year on the outstanding Preferred Stock of your Corporation, four quarterly dividends of \$1.50 each.

A condensed consolidated balance sheet and a comparative statement of income and of surplus are appended to this report.

Respectfully submitted,

GERHARD M. DAHL,  
*Chairman.*



NILES & NILES  
CERTIFIED PUBLIC ACCOUNTANTS  
165 Broadway, New York

CERTIFICATE OF ACCOUNTANTS

To the Board of Directors  
of the BROOKLYN AND QUEENS TRANSIT CORPORATION:

We have made an examination of the consolidated balance sheet of the Brooklyn and Queens Transit Corporation and its subsidiary companies as at June 30, 1934, and of the statement of combined income and surplus of those companies for the year ending June 30, 1934. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence, and obtained information and explanations from officers and employees of the companies. We also made a general review of the accounting methods and of the operating and income accounts for the year but we did not make a detailed audit of the transactions.

The amounts reserved for depreciation are computed by using (1) fixed amounts per annum for the traction properties, (2) rates per mile of operation for the buses, and (3) fixed percentages applied to the property accounts for the other depreciable properties. The rates, percentages, and amounts are determined by the officials of each company, based on the condition and efficiency of its property and on prospective retirements. The bases for computing depreciation have been filed with the Transit Commission for all companies subject to its supervision.

The securities owned by the companies are carried on the books at cost.

In our opinion, subject to the foregoing comments and based upon our examination, the accompanying consolidated balance sheet of the Brooklyn and Queens Transit Corporation and its subsidiary companies, and the related statements of income and surplus of those companies fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the position of the Brooklyn and Queens Transit Corporation and its subsidiary companies as at June 30, 1934, and the combined results of their operations for the year ending on that date.

NILES & NILES,  
*Certified Public Accountants.*

New York, August 28, 1934.



**Condensed Consolidated  
Balance Sheet  
and  
Comparative Statement  
of Income and of Surplus**

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1934

## ASSETS

ROAD AND EQUIPMENT AT COST.....		\$108,495,723.48	
CURRENT ASSETS:			
Cash.....	\$849,481.11		
Coupon Deposit.....	22,136.50		
Dividend Deposit.....	444,785.07		
Mortgages Receivable.....	290,500.00		
Accounts Receivable—Associated Companies...	47,753.86		
Accounts Receivable—Other....	\$157,249.90		
LESS: Reserve for Doubtful Ac-			
counts.....	37,114.04	120,135.86	
Interest Receivable.....	25,594.66		
Materials and Supplies, at Cost.....	976,247.60		2,776,634.66
NOTES NOT CURRENTLY RECEIVABLE, LESS RESERVE			160,649.47
SPECIAL DEPOSITS OF SECURITIES AT COST AND CASH:			
City of New York re Franchises:			
City of New York Corporate Stock, Cash, etc.	132,519.84		
State Industrial Commission:			
City of New York Corporate Stock and Liberty			
Bonds.....	620,509.07		
Trustees, Fund for Replacement of Equipment:			
Securities of Associated Com-			
panies.....	1,691,468.50		
Other Securities, Cash and In-			
terest Receivable.....	68,050.80		
	1,759,519.30		
LESS: Securities and Interest of			
Associated Companies Elim-			
inated.....	1,734,885.16	24,634.14	
Other Special Deposits.....	69,468.24		847,131.29
DEFERRED CHARGES:			
Prepaid Accounts (Interest, Taxes, Insurance,			
etc.).....	417,722.06		
Unamortized Debt Discount, Reconstructing			
Cars and Buildings and Other Items in Sus-			
pense.....	738,069.15		1,155,791.21
TOTAL.....			<u>\$113,435,930.11</u>



# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1934

## CAPITAL STOCK, LIABILITIES AND SURPLUS

### CAPITAL STOCK—ISSUED AND OUTSTANDING:

Preferred Stock, 283,250 Shares.....	\$28,325,000.00	
Common Stock, 800,000 Shares.....	18,800,000.00	\$47,125,000.00

FUNDED DEBT AS PER SCHEDULE PAGE 14.....	28,264,666.67
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REAL ESTATE MORTGAGE.....	150,000.00
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CERTIFICATES OF INDEBTEDNESS, TO ASSOCIATED COMPANIES.....	499,865.84
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### CURRENT LIABILITIES:

Bills Payable—Unsecured.....	3,000,000.00	
Accounts Payable, Associated Companies.....	893,615.15	
Accounts Payable, Miscellaneous.....	900,294.56	
Dividends Payable.....	444,785.07	
Tax Accruals.....	728,381.87	
Interest Accrued on Funded Debt.....	586,424.64	
Other Interest.....	26,949.30	
Tort Claims and Judgments.....	22,472.06	6,602,922.65

### RESERVES:

Contingencies.....	17,886,720.35	
Amortization of Capital.....	2,517,782.40	
Replacement of Equipment.....	1,759,519.30	
Damages.....	2,332,908.71	
Taxes in Litigation and Contingent Tax Liability.....	625,498.92	
Other Reserves.....	203,628.99	
Unadjusted Credits.....	62,532.60	25,388,591.27

EXCESS OF PAR OR STATED VALUE OVER COST OF INTER-COMPANY SECURITIES ELIMINATED IN CONSOLIDATION (NET).....	65,239.00
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CAPITAL SURPLUS.....	2,537,098.85	
Less: Amount Eliminated in Consolidation.....	1,071,526.49	1,465,572.36

EARNED SURPLUS as per Statement.....	3,874,072.32
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TOTAL.....	<u>\$113,435,930.11</u>
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# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## COMPARATIVE STATEMENT OF INCOME AND OF EARNED SURPLUS TWO YEARS ENDING JUNE 30, 1934

	1934	1933
REVENUE FROM TRANSPORTATION:		
Passenger Revenue other than Brooklyn Bus Corporation.....	\$17,271,898.89	\$17,955,250.85
Passenger Revenue, Brooklyn Bus Corporation..	3,241,675.54	3,037,460.18
Freight Revenue.....	290,693.02	225,511.05
<b>TOTAL REVENUE FROM TRANSPORTATION..</b>	<b>20,804,267.45</b>	<b>21,218,222.08</b>
OTHER OPERATING REVENUES:		
Advertising.....	63,545.95	146,593.20
Other Car and Station Privileges.....	2,500.00	4,250.00
Rent of Buildings and Other Property.....	140,684.34	126,746.36
Rent of Equipment.....	83,334.77	80,256.63
Rent of Tracks and Terminals.....	39,519.53	52,028.52
Sale of Power.....	2,315.33	4,954.66
Miscellaneous Receipts.....	11,933.34	11,208.40
<b>TOTAL OTHER OPERATING REVENUES.....</b>	<b>343,833.26</b>	<b>426,037.77</b>
<b>TOTAL OPERATING REVENUES.....</b>	<b>21,148,100.71</b>	<b>21,644,259.85</b>
OPERATING EXPENSES:		
Maintenance of Way and Structures.....	876,441.88	813,029.22
Depreciation of Way and Structures.....	612,500.00	605,000.00
Maintenance of Equipment.....	1,938,810.73	1,769,234.64
Depreciation of Equipment.....	886,875.38	752,542.98
Operation of Power Plant.....	2,244,945.78	2,246,544.82
Operation of Cars—Trainmen's Wages.....	4,644,989.63	4,960,137.37
Operation of Cars—Other Expenses.....	2,067,219.14	2,062,467.68
Damages.....	1,316,255.26	1,288,099.33
Legal Expense in Connection with Damages....	323,865.63	285,117.71
General Law Expenses.....	65,784.98	79,446.16
Other General Expenses.....	814,968.00	864,157.29
Freight Expenses.....	182,310.38	185,630.80
<b>TOTAL OPERATING EXPENSES.....</b>	<b>15,974,966.79</b>	<b>15,911,408.00</b>
<b>NET REVENUE FROM OPERATION.....</b>	<b>5,173,133.92</b>	<b>5,732,851.85</b>
<b>TAXES ACCRUED ON OPERATING PROPERTIES.....</b>	<b>1,517,823.50</b>	<b>1,594,387.67</b>
<b>OPERATING INCOME (<i>Carried Forward</i>) ..</b>	<b>3,655,310.42</b>	<b>4,138,464.18</b>

OPERATING INCOME ( <i>Brought Forward</i> ) .....	\$3,655,310.42	\$4,138,464.18
NON-OPERATING REVENUE:		
Rents Accrued from Lease of Road.....	85,200.00	85,200.00
Miscellaneous Rent Revenues.....	81,720.44	103,006.36
Interest Revenues.....	57,984.88	57,602.41
Profits from Operations of Others.....	1,748.45	.....
Miscellaneous.....	2,196.75	.....
TOTAL NON-OPERATING REVENUES.....	228,850.52	245,808.77
NON-OPERATING REVENUE DEDUCTIONS:		
Rent Expense.....	5,857.47	8,571.53
Non-Operating Taxes.....	22,335.13	26,552.22
TOTAL NON-OPERATING REVENUE DEDUCTIONS.....	28,192.60	35,123.75
NET NON-OPERATING INCOME.....	200,657.92	210,685.02
GROSS INCOME.....	3,855,968.34	4,349,149.20
INCOME DEDUCTIONS:		
Interest Deductions.....	1,510,090.88	1,566,495.14
Rent for Lease of Other Road and Equipment..	825.00	426.24
Other Rent Deductions.....	37,469.00	35,243.12
Sinking Fund Accruals.....	658.20	76,829.87
Amortization.....	16,779.39	8,599.97
TOTAL INCOME DEDUCTIONS.....	1,565,822.47	1,687,594.34
CURRENT INCOME CARRIED TO SURPLUS.....	2,290,145.87	2,661,554.86
SURPLUS:		
Balance June 30, 1933, per Company's Report..	4,112,763.33	
	6,402,909.20	
DEDUCTIONS:		
Adjustment of Reserve for Amortiza- tion of Capital, South Brooklyn Railway Company, in accordance with Interstate Commerce Com- mission's request.....	\$319,051.69	
Adjustment of Reserves for Damages	600,000.00	
	\$919,051.69	
Less: Miscellaneous Credit Adjust- ments, Net.....	89,714.81	
NET DEDUCTIONS.....	829,336.88	
BALANCE OF SURPLUS BEFORE DIVIDENDS.....	5,573,572.32	
DEDUCT DIVIDENDS ON PREFERRED STOCK OF BROOK- LYN AND QUEENS TRANSIT CORPORATION.....	1,699,500.00	
EARNED SURPLUS, JUNE 30, 1934.....	\$3,874,072.32	



# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## FUNDED DEBT—JUNE 30, 1934

	Maturity	Interest Rate	Outstanding	Intercompany Holdings	In the Hands of Public
<b>BROOKLYN AND QUEENS TRANSIT CORPORATION:</b>					
Brooklyn and Queens Transit Corporation:					
Consolidated Mortgage.....	1/1/40	5%	\$1,500,000.00	.....	\$1,500,000.00
Contract—Osgood Bradley Car Corporation.....	(a)	6%	33,000.00	.....	33,000.00
Brooklyn, Queens County and Suburban Railroad Company:					
First Mortgage.....	7/1/41	5%	3,002,000.00	1,593,000.00	1,409,000.00
First Consolidated Mortgage.....	7/1/41	5%	2,884,000.00	(f) 228,000.00	2,656,000.00
The Brooklyn City Rail Road Company:					
First Consolidated Mortgage.....	7/1/41	5%	6,000,000.00	(f) 295,000.00	5,705,000.00
Refunding Mortgage.....	8/1/56	4%	925,000.00	925,000.00	.....
Equipment Trust Certificates.....	(b)	5%	375,000.00	.....	375,000.00
Brooklyn City and Newtown Railroad Company:					
Consolidated First Mortgage.....	7/1/39	5%	2,000,000.00	(f) 45,000.00	1,955,000.00
The Coney Island and Brooklyn Railroad Company:					
First Consolidated Mortgage.....	7/1/48	4%	2,000,000.00	98,000.00	1,902,000.00
Nassau Electric Railroad Company:					
First Mortgage.....	4/1/44	5%	660,000.00	.....	660,000.00
First Consolidated Mortgage.....	1/1/51	4%	13,749,000.00	(f) (g) 3,498,000.00	10,251,000.00
			<u>\$33,128,000.00</u>	<u>\$6,682,000.00</u>	<u>\$26,446,000.00</u>
<b>BROOKLYN BUS CORPORATION:</b>					
Bus Purchase Notes.....	(c)	5%	\$476,666.67	.....	\$476,666.67
Conditional Sale Agreement—Mack International Motor Truck Corporation.....	(d)	5%	250,000.00	.....	250,000.00
			<u>\$726,666.67</u>	<u>.....</u>	<u>\$726,666.67</u>
<b>B. AND Q. SERVICE COMPANY, INC.:</b>					
Car Lease Warrants.....	(e)	5%	\$1,092,000.00	.....	\$1,092,000.00
<b>TOTAL.....</b>			<u><u>\$34,946,666.67</u></u>	<u><u>\$6,682,000.00</u></u>	<u><u>\$28,264,666.67</u></u>

(a) Payable in semi-annual installments of \$6,600.00 each.

(b) Payable January 15, 1935.

(c) Payable in monthly installments of \$18,333.33 each.

(d) Payable in semi-annual installments of \$50,000.00 each.

(e) Payable in annual installments of principal \$130,000.00 and semi-annual installments of interest.

(f) Deposited in Fund for Replacement of Equipment:

B. Q. C. & S. First Consolidated 5s..... \$ 47,000.00

B. C. First Consolidated 5s..... 295,000.00

B. C. & N. Consolidated First 5s..... 13,000.00

N. E. First Consolidated 4s..... 51,000.00

(g) Deposited with Trustee..... 1,171,000.00





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SIXTH  
ANNUAL REPORT

OF

Brooklyn and Queens  
Transit Corporation

FOR THE

Year Ended June 30, 1935

# Brooklyn and Queens Transit Corporation

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## DIRECTORS

FRANK BAILEY	JOHN V. JEWELL
ARTHUR H. BUNKER	EDWIN P. MAYNARD
IRVING T. BUSH	WILLIAM S. MENDEN
THOMAS L. CHADBOURNE	H. HOBART PORTER
DANIEL J. CREEM	CHARLES S. SARGENT
GERHARD M. DAHL	FREDERICK STRAUSS
WILLIAM N. DYKMAN	HERBERT BAYARD SWOPE
CHARLES HAYDEN	ALBERT H. WIGGIN

## EXECUTIVE COMMITTEE

ARTHUR H. BUNKER	WILLIAM S. MENDEN
GERHARD M. DAHL	H. HOBART PORTER
WILLIAM N. DYKMAN	FREDERICK STRAUSS
CHARLES HAYDEN	HERBERT BAYARD SWOPE
EDWIN P. MAYNARD	ALBERT H. WIGGIN

## OFFICERS

Chairman of Board.....	GERHARD M. DAHL
President.....	WILLIAM S. MENDEN
Vice President and General Counsel..	GEORGE D. YEOMANS
Vice President.....	WILLIAM T. ROSSELL
Vice President.....	GEORGE W. JONES
Secretary and Treasurer.....	FRED C. MARSTON
Comptroller.....	JAMES ADDISON



# SIXTH ANNUAL REPORT OF Brooklyn and Queens Transit Corporation

385 Flatbush Avenue Extension, Brooklyn, N. Y.

August 27, 1935.

TO THE STOCKHOLDERS:

I submit herewith the annual report showing the financial condition of your Corporation on June 30, 1935, and the results of its operations for the year ended on that date.

## CONSOLIDATED RESULTS

The following is a condensed consolidated statement of operations of your Corporation and its subsidiaries for the fiscal year ended June 30, 1935, and for the preceding fiscal year.

	1935	1934
Total Operating Revenue.....	\$20,491,778.34	\$21,148,100.71
Total Operating Expenses, including Depreciation.....	16,061,091.45	15,974,966.79
Net Operating Revenue.....	4,430,686.89	5,173,133.92
Taxes Paid and Accrued.....	1,692,667.55	1,517,823.50
Operating Income.....	2,738,019.34	3,655,310.42
Non-Operating Income.....	188,864.16	200,657.92
Gross Income.....	2,926,883.50	3,855,968.34
Income Deductions—Interest, Amortization, Rentals, etc.....	1,524,434.55	1,565,822.47
Current Income Carried to Surplus.....	\$1,402,448.95	\$2,290,145.87

The above Gross Income is after providing for Maintenance Charges, Reserves for Depreciation, and Taxes.

## TRAFFIC

The total number of fare passengers carried on all lines of the Brooklyn and Queens Transit System including the Brooklyn Bus Corporation for the respective fiscal years are as follows:

	1935	1934	% Inc. or Dec.
Trolley lines.....	346,977,587	360,804,362	- 3.8%
Bus lines.....	67,179,550	66,989,534	+ 0.3
Total.....	414,157,137	427,793,896	- 3.2%

The decrease in traffic on the trolley lines of the System is due in part to general business conditions, and is comparable to the decrease in traffic on practically all transit systems in the metropolitan area, and also to increased diversion of passengers from trolley lines in the Park Slope and West Flatbush areas of

Brooklyn to the Independent Subway operated by the City of New York.

The total car miles operated on trolley lines in the fiscal year 1935, was 47,037,365, being a decrease of 1,802,856 car miles or 3.7% of the total car miles operated in the previous year and a decrease of 3,301,732 car miles or 6.6% of the total car miles operated in the fiscal year 1930.

The decrease of 6.6% in car miles operated in 1935 as compared with 1930 compares with a decrease of 25.4% in passengers carried on trolley lines in the same period and indicates the extent to which the quality of service has been maintained in an endeavor to render the public the best possible service in the face of declining gross revenues.

### REVENUES AND OPERATING COSTS

In the condensed consolidated statement of operations above, it will be observed that the total operating revenue in the fiscal year 1935 was \$656,322.37 less than in 1934. The total operating expenses in 1935 were \$86,124.66 more than in 1934.

Increases in wages aggregating 5% were made effective during the fiscal year 1935 for employees earning less than \$50 per week. The first increase of 2% became effective in July 1934 and the remainder of the 5% increase was made effective in April 1935, thereby restoring in part the decrease made in prior years.

### FREIGHT REVENUE

The revenue from freight handled by the South Brooklyn Railway Company increased more than 10% in the fiscal year 1935 as compared with the preceding fiscal year and for the first time since the fiscal year 1930 exceeded \$300,000. The total freight revenue this year was \$320,375.44, as compared with \$290,693.02 in 1934 and \$225,511.05 in 1933. Expenses incidental to freight operation have been reduced substantially since the fiscal year 1930.

A factor in the improvement of the freight traffic has been the increased use made by Brooklyn industries of the store-door delivery and collection service by truck developed during the past few years by the South Brooklyn Railway Company.

### TAXES

During the past few years the percentage of revenue required for taxes has constantly increased, and, in the fiscal year 1935, \$1,692,667.55 was required to be paid or accrued for taxes of the System, an increase of \$174,844.05 or 11½% as compared with the preceding fiscal year. The taxes for the year 1935 were equivalent to \$2.12 a share on the Common Stock outstanding

and the ratio of taxes to operating revenue for the year 1935 was approximately 8%.

## NEW CARS AND MODERNIZATION

For several years past your Corporation has been co-operating with more than twenty other street railway companies throughout the United States in financing a program of research, study and experiment to determine whether the design and equipment of the street car could be improved so the street car could meet the public's demand for a high-speed, smooth-riding and comfortable vehicle for surface transportation. That program of research was carried out over a period of five years at a cost of more than \$500,000 to the companies which sponsored it. The conclusion reached as a result of that research was that the street car could and should be modernized, and that a street car designed and equipped to meet present day standards of passenger comfort and speed in traffic not only would maintain its place upon the streets of large cities but also would be preferred by the riding public over a bus.

A car designed to meet such tests was constructed last year under the supervision of the research organization and after a few exhibition trips at the convention of the American Transit Association in Cleveland last September was brought to Brooklyn and placed in operation on the lines of your Corporation. Its performance has won commendation from the public and from operating experts alike, its smooth-riding qualities and practical noiselessness in particular having been favorably commented upon by the public.

It is the considered judgment of the officials of your Corporation in charge of operation that a demonstration on a large scale of the capabilities of such a modern, high-speed, smooth-riding and comparatively noiseless street car would have a material effect in altering the general attitude towards street cars and would convince the public that the street car instead of being obsolete is the vehicle best suited to provide safe, adequate and comfortable service on surface transit lines called upon to handle heavy traffic.

Therefore, orders have been placed for the construction of 100 street cars of modern design and equipment for operation on the lines of your Corporation. The total cost of the cars is approximately \$1,500,000. Delivery of the cars is to begin early in 1936 and to be completed by April of that year. The orders for the cars have been placed by the B. and Q. Service Company, Inc., all of the stock of which Company is owned by your Corporation, and the purchase is to be financed by the issuance by



that company of ten-year serial equipment trust certificates which are to be guaranteed as to the payment of principal and interest by your Corporation. The certificates which mature in the first two years bear interest at 3%, those maturing in the next three years at 4% and those maturing in the last five years at 5%.

The purchase of these cars will enable your Corporation to completely equip several lines with new cars and thus will provide the first large-scale demonstration of the relative merits of modern street cars, as compared with buses, in providing surface transit service in large urban areas.

There are several inherent advantages of a vehicle running on steel rails in a definite line over a vehicle such as the bus that weaves in and out of traffic. First, a modern trolley car operating on steel rails will provide maximum riding comfort for passengers because of the relative smoothness and steadiness provided by the track structure in comparison with the irregularities in street pavements and the spring action of buses. Secondly, a practically unlimited supply of power is available from the central power station so that the maximum efficiency of operating equipment can be utilized. Thirdly, the trolley car provides, per square foot of street space occupied, a more efficient service than can be provided by bus. In certain sections of Brooklyn, trolley cars during periods of heavy traffic carry more passengers per hour than could be transported through the same streets by buses. The new cars for the lines of your Corporation will seat 59 passengers, whereas the large size buses seat 40 passengers.

The motorization of some trolley lines in Manhattan has created the false impression that street cars in the metropolitan area are being replaced generally by buses. The fact is that even in Manhattan the only trolley lines that are being motorized are those systems that because of long periods of financial difficulty had permitted their cars and other equipment to deteriorate and become practically obsolete so that substantial capital expenditures were necessary to rehabilitate the properties to give reasonable service to the public. Many of these systems have passed through a series of receiverships and reorganizations which imposed substantial sacrifices or complete loss of investment on the holders of bonds and stocks of these systems. For the nine years 1925 to 1933, inclusive, one of them not only failed to earn anything applicable to the investment in the property, but also failed to earn operating expenses.

Your Corporation, on the other hand, operates a comprehensive and unified system of surface transportation serving the entire Borough of Brooklyn and part of the Borough of Queens.



As such it has been able to serve those communities more efficiently and economically than if there were a number of separate operating systems and at the same time show earnings for its stockholders over and beyond the interest on its bonded indebtedness. Most of the equipment is comparatively new and well maintained. Upwards of \$12,500,000 has been invested for new cars in the past twelve years, largely out of the earnings of the properties and with a gradual reduction in the bonded indebtedness of the properties notwithstanding other substantial expenditures of a capital nature. We are pointing out these important differences in the physical and financial situation of your Corporation as compared with the Manhattan properties which have agreed to motorization, in order that a clear understanding of the basic facts of the situation may be had.

### **NEW METHOD OF TRACK CONSTRUCTION**

During the fiscal year 1935, approximately 23 miles of surface track were rebuilt, of which 10½ miles were completely reconstructed. A new type of track construction without wooden ties but consisting of grooved rail 4½ inches high imbedded in a reinforced concrete roadbed was used on 3.8 miles of track.

### **ELECTRIC BUSES**

Experimental operation with two electric buses on the Cortelyou Road Line in Flatbush was begun in July 1930, and in September, 1932, the route was extended to the Boro Park section and the number of electric buses increased to eight. This experimental operation has met with a favorable reaction from the public—both passengers of the line and residents of the area through which the line operates—because of its quiet operation, the absence of exhaust gases and the improved lighting and heating as compared with gasoline buses due to the supply of power from overhead wires. Intensive operation of the vehicles developed certain defects in design and construction, however, and during the past fiscal year the electric buses were returned to the manufacturer for rebuilding. This work has now been completed and operation will be continued with the improved buses.

### **BUS ROUTES**

Passenger traffic on the bus routes operated by the Brooklyn Bus Corporation increased only slightly in the fiscal year 1935, as compared with the preceding fiscal year. The total number of fare passengers carried on the bus routes in 1935 was 67,179,550 whereas the total number in 1934 was 66,989,534. The total number of bus miles operated in 1935 was 10,273,231, an increase of 369,121 bus miles or 3.7% over the preceding year.

The Bus Corporation has continued its policy of endeavoring to extend its bus routes so they will better serve the needs for local surface transportation in the localities affected by studying each problem with representatives of the civic associations in that locality and with the committee of the Brooklyn Civic Council, which has acted as a borough-wide agency to study the proposals originating in the local civic bodies and to harmonize conflicting points of view where varying opinions were held by several civic groups as to changes or extensions of any route.

## FINANCIAL

There was no change in the amount of the bank loans of the Brooklyn and Queens Transit Corporation during the year 1935 and the amount of these loans as of June 30, 1935, remained \$3,000,000. During the year the funded debt of the Brooklyn and Queens Transit System was reduced as follows:

The Brooklyn City Rail Road Company equipment trust certificates	\$375,000
B. and Q. Service Co. Inc., car lease warrants.....	175,500
Brooklyn Bus Corporation, bus purchase notes.....	320,000
	<u>\$870,500</u>

The payment of The Brooklyn City Rail Road Company equipment trust certificates was the final installment on that obligation. In addition to the payments on bus purchase notes listed above, the bus corporation also paid \$162,550 during the year in part payment for 35 new buses ordered in May and June 1934, as reported in the last annual report. Consequently the total payments on capital obligations of the Brooklyn and Queens Transit System during the fiscal year 1935 were in excess of \$1,000,000.

During the fiscal year 1935 South Brooklyn Railway Company reduced the principal of its mortgage payable from \$150,000 to \$100,000.

There were paid for the fiscal year 1935 on the outstanding Preferred Stock of your Corporation, one quarterly dividend of \$1.50 per share, one quarterly dividend of \$1.00 per share and two quarterly dividends of 50 cents per share, making total dividends of \$3.50 per share instead of \$6. per share. This action was taken by your Board of Directors because of reduced earnings of the System and in order to conserve cash so as to permit continued modernization of the properties of the System without increasing the bonded indebtedness.

A condensed consolidated balance sheet, a comparative statement of consolidated income and a statement of consolidated earned surplus are appended to this report.

Respectfully submitted,

GERHARD M. DAHL,  
*Chairman.*

**Condensed Consolidated  
Balance Sheet  
and  
Comparative Statement  
of Consolidated Income  
and  
Statement  
of Consolidated Earned Surplus**





NILES & NILES  
CERTIFIED PUBLIC ACCOUNTANTS  
165 Broadway, New York

CERTIFICATE OF ACCOUNTANTS

To the Board of Directors  
of the BROOKLYN AND QUEENS TRANSIT CORPORATION:

We have made an examination of the consolidated balance sheet of the Brooklyn and Queens Transit Corporation and its subsidiary companies as at June 30, 1935, and of the statements of consolidated income and surplus of those companies for the year ended June 30, 1935. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence, and obtained information and explanations from officers and employees of the companies. We also made a general review of the accounting methods and of the operating and income accounts for the year but we did not make a detailed audit of the transactions.

The amounts reserved for depreciation are computed by using (1) fixed amounts per annum for the traction properties, (2) rates per mile of operation for the buses, and (3) fixed percentages applied to the property accounts for the other depreciable properties. The rates, percentages, and amounts are determined by the officials of each company, based on the condition and efficiency of its property and on prospective retirements. During the year ended June 30, 1935, the rates for the buses were reduced as shown in the foot-note on page 14. The bases for computing depreciation have been filed with the Transit Commission for all companies subject to its supervision.

The securities owned by the companies are carried on the books at cost.

In our opinion, subject to the foregoing comments and based upon our examination, the accompanying consolidated balance sheet of the Brooklyn and Queens Transit Corporation and its subsidiary companies, and the related statements of income and surplus of those companies fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the position of the Brooklyn and Queens Transit Corporation and its subsidiary companies as at June 30, 1935, and the combined results of their operations for the year ended on that date.

NILES & NILES,  
*Certified Public Accountants.*

New York, August 27, 1935.

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1935

## ASSETS

ROAD AND EQUIPMENT AT COST .....		\$108,046,069.29	
CURRENT ASSETS:			
Cash .....	\$1,065,101.36		
Coupon Deposit .....	17,489.00		
Dividend Deposit .....	151,788.96		
Stocks and Bonds at Cost:			
Marketable Securities (quoted value \$7,000.00)	7,061.25		
Other Securities . . . (Appraised at Cost \$980.00)	980.00		
Accounts Receivable—Associated Companies . . .	52,422.53		
Accounts Receivable—Other .....	\$248,600.39		
LESS: Reserve for Doubtful Accts. 36,375.30	212,225.09		
Interest Receivable .....	12,707.91		
Materials and Supplies, at Cost .....	1,062,092.71	2,581,868.81	
MORTGAGES, NOTES AND ACCOUNT NOT CURRENTLY RECEIVABLE, LESS RESERVE .....			263,052.88
SPECIAL DEPOSITS OF SECURITIES AT COST AND CASH:			
City of New York re Franchises:			
City of New York Corporate Stock, Cash, etc. .	132,519.84		
State Industrial Commission:			
City of New York and United States Securities.	662,095.73		
Trustees, Fund for Replacement of Equipment:			
Securities of Associated Com-			
panies .....	\$2,016,468.50		
Other Securities, Cash and In-			
terest Receivable .....	75,631.40		
	\$2,092,099.90		
LESS: Securities and Interest			
of Associated Companies Elim-			
inated .....	2,067,970.16	24,129.74	
Other Special Deposits .....	27,781.04	846,526.35	
DEFERRED CHARGES:			
Prepaid Accounts (Interest, Taxes, Insurance,			
etc.) .....	239,623.84		
Unamortized Debt Discount, Reconstructing Cars			
and Buildings and Other Items in Suspense . . .	721,921.00	961,544.84	
TOTAL .....			<u><u>\$112,699,062.17</u></u>

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1935

## CAPITAL STOCK, LIABILITIES AND SURPLUS

### CAPITAL STOCK—ISSUED AND OUTSTANDING:

Preferred Stock, 283,250 Shares.....	\$28,325,000.00(A)	
Common Stock, 800,000 Shares.....	<u>18,800,000.00</u>	\$47,125,000.00

FUNDED DEBT AS PER SCHEDULE PAGE 16.....	27,510,421.17
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REAL ESTATE MORTGAGE.....	100,000.00
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CERTIFICATES OF INDEBTEDNESS TO ASSOCIATED COMPANIES.....	699,712.48
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### CURRENT LIABILITIES:

Bills Payable—Unsecured.....	3,000,000.00	
Accounts Payable, Associated Companies.....	369,955.66	
Accounts Payable, Other.....	984,192.76	
Dividends Payable.....	151,788.96	
Tax Accruals.....	716,688.03	
Interest Accrued on Funded Debt.....	569,861.91	
Other Interest.....	27,687.96	
Tort Claims and Judgments.....	<u>22,472.06</u>	5,842,647.34

### RESERVES:

Contingencies.....	17,361,138.08	
Amortization of Capital.....	2,545,703.58	
Replacement of Equipment.....	2,092,099.90	
Damages.....	2,615,118.55	
Taxes in Litigation and Contingent Tax Liability.....	829,498.92	
Other Reserves.....	252,887.97	
Unadjusted Credits.....	<u>67,623.27</u>	25,764,070.27

EXCESS OF PAR OR STATED VALUE OVER COST OF INTER-COMPANY SECURITIES ELIMINATED IN CONSOLIDATION (NET).....	65,576.50
--	-----------

CAPITAL SURPLUS.....	2,537,098.85	
LESS: Amount Eliminated in Consolidation.....	<u>1,071,526.49</u>	1,465,572.36

EARNED SURPLUS as per Statement.....	4,126,062.05(A)
--------------------------------------	-----------------

TOTAL.....	<u>\$112,699,062.17</u>
------------	-------------------------

(A) Accumulated undeclared dividends on Preferred Stock of Brooklyn and Queens Transit Corporation amounted to \$708,125.00 on June 30, 1935, or \$2.50 per share.



# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## COMPARATIVE STATEMENT OF CONSOLIDATED INCOME

TWO YEARS ENDED JUNE 30, 1935

REVENUE FROM TRANSPORTATION:	1935	1934
Passenger Revenue other than Brooklyn Bus Corporation.....	\$16,606,452.36	\$17,271,898.89
Passenger Revenue, Brooklyn Bus Corporation..	3,246,561.44	3,241,675.54
Freight Revenue.....	320,375.44	290,693.02
<b>TOTAL REVENUE FROM TRANSPORTATION. . .</b>	<b>20,173,389.24</b>	<b>20,804,267.45</b>
<b>OTHER OPERATING REVENUES:</b>		
Advertising and Other Privileges.....	64,899.97	66,045.95
Rent of Land, Buildings, etc.....	140,825.09	140,684.34
Rent of Equipment.....	76,529.17	83,334.77
Rent of Tracks and Terminals.....	26,495.90	39,519.53
Sale of Power.....	854.46	2,315.33
Miscellaneous Revenue.....	8,784.51	11,933.34
<b>TOTAL OPERATING REVENUE.....</b>	<b>20,491,778.34</b>	<b>21,148,100.71</b>
<b>OPERATING EXPENSES:</b>		
Maintenance of Way and Structures.....	969,639.69	876,441.88
Depreciation of Way and Structures.....	610,000.00	612,500.00
Maintenance of Equipment.....	1,973,552.24	1,938,810.73
Depreciation of Equipment.....	833,682.22(A)	886,875.38
Purchased Power, etc.....	2,272,888.63	2,244,945.78
Operation of Cars.....	6,550,184.01	6,704,866.30
Injuries to Persons and Property.....	1,818,134.74	1,640,120.89
Traffic Expenses.....	3,566.14	7,342.47
General and Miscellaneous Expenses.....	835,345.16	880,752.98
Freight Expenses.....	194,098.62	182,310.38
<b>TOTAL OPERATING EXPENSES. . . . .</b>	<b>16,061,091.45</b>	<b>15,974,966.79</b>
<b>NET REVENUE FROM OPERATION. . . . .</b>	<b>4,430,686.89</b>	<b>5,173,133.92</b>
<b>TAXES ASSIGNABLE TO OPERATIONS. . . . .</b>	<b>1,692,667.55</b>	<b>1,517,823.50</b>
<b>OPERATING INCOME . . . . .</b>	<b>2,738,019.34</b>	<b>3,655,310.42</b>
<b>NON-OPERATING INCOME. . . . .</b>	<b>188,864.16</b>	<b>200,657.92</b>
<b>GROSS INCOME.....</b>	<b>2,926,883.50</b>	<b>3,855,968.34</b>
<b>INCOME DEDUCTIONS:</b>		
Interest Deductions.....	1,431,767.62	1,510,090.88
Rent Deductions.....	40,650.72	38,294.00
Amortization and other Deductions from Income	52,016.21	17,437.59
<b>TOTAL INCOME DEDUCTIONS. . . . .</b>	<b>1,524,434.55</b>	<b>1,565,822.47</b>
<b>CURRENT INCOME CARRIED TO SURPLUS. . . . .</b>	<b>1,402,448.95</b>	<b>2,290,145.87</b>

(A) As a result of previous years' experience Brooklyn Bus Corporation reduced the depreciation of its buses from 5 cents to 4 cents per mile and from 3 cents to 2½ cents per mile of operation according to the type of bus.



**BROOKLYN AND QUEENS TRANSIT CORPORATION AND  
SUBSIDIARY COMPANIES**

**STATEMENT OF CONSOLIDATED EARNED SURPLUS**

**YEAR ENDED JUNE 30, 1935**

BALANCE, JUNE 30, 1934. ....	\$3,874,072.32
CURRENT INCOME, Year Ended June 30, 1935, as per Statement. ....	1,402,448.95
TOTAL. ....	<u>5,276,521.27</u>
CHARGES TO SURPLUS:	
Adjustment of Gross Income Taxes under City of New York local laws. ....	\$204,000.00
LESS CREDITS TO SURPLUS:	
Miscellaneous Credit Adjustments, Net. ....	<u>44,915.78</u>
NET CHARGES TO SURPLUS. ....	<u>159,084.22</u>
BALANCE OF EARNED SURPLUS BEFORE DIVIDENDS. ....	<u>5,117,437.05</u>
DEDUCT DIVIDENDS ON PREFERRED STOCK OF BROOKLYN AND QUEENS TRANSIT CORPORATION. ....	<u>991,375.00</u>
BALANCE, JUNE 30, 1935. ....	<u><u>4,126,062.05</u></u> <sup>(A)</sup>

(A) Accumulated undeclared dividends on Preferred Stock of Brooklyn and Queens Transit Corporation amounted to \$708,125.00 on June 30, 1935, or \$2.50 per share.

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## FUNDED DEBT—JUNE 30, 1935

	Maturity	Interest Rate	Outstanding	Intercompany Holdings	In the Hands of Public
<b>BROOKLYN AND QUEENS TRANSIT CORPORATION:</b>					
Brooklyn and Queens Transit Corporation:					
Consolidated Mortgage.....(h)	.....	.....	.....	.....	.....
Contract—Pullman Standard Car Mfg. Co.....(a)	(b)	6%	\$ 36,300.00	.....	\$ 36,300.00
Brooklyn, Queens County and Suburban Railroad Company:					
First Mortgage.....	7/1/41	5%	2,930,000.00	1,521,000.00	1,409,000.00
First Consolidated Mortgage.....	7/1/41	5%	2,884,000.00	(f) 228,000.00	2,656,000.00
The Brooklyn City Rail Road Company:					
First Consolidated Mortgage.....	7/1/41	5%	6,000,000.00	(f) 295,000.00	5,705,000.00
Refunding Mortgage.....	8/1/56	4%	925,000.00	925,000.00	.....
Brooklyn City and Newtown Railroad Company:					
Consolidated First Mortgage.....	7/1/39	5%	2,000,000.00	(f) 45,000.00	1,955,000.00
The Coney Island and Brooklyn Rail Road Company:					
First Consolidated Mortgage.....	7/1/48	4%	2,000,000.00	98,000.00	1,902,000.00
Consolidated Mortgage.....(h)	1/1/40	5%	1,500,000.00	.....	1,500,000.00
Nassau Electric Railroad Company:					
First Mortgage.....	4/1/44	5%	660,000.00	.....	660,000.00
First Consolidated Mortgage.....	1/1/51	4%	13,749,000.00	(f) (g) 3,498,000.00	10,251,000.00
			<u>\$32,684,300.00</u>	<u>\$ 6,610,000.00</u>	<u>\$26,074,300.00</u>
<b>BROOKLYN BUS CORPORATION:</b>					
Bus Purchase Notes.....	(c)	5%	\$ 256,666.67	.....	\$ 256,666.67
Conditional Sale Agreements—Mack International Motor Truck Corporation.....	(d)	5%	262,954.50	.....	262,954.50
			<u>\$ 519,621.17</u>	<u>.....</u>	<u>\$ 519,621.17</u>
<b>B. AND Q. SERVICE COMPANY, INC.:</b>					
Car Lease Warrants.....	(e)	5%	\$ 916,500.00	.....	\$ 916,500.00
<b>TOTAL.....</b>			<u><u>\$34,120,421.17</u></u>	<u><u>\$ 6,610,000.00</u></u>	<u><u>\$27,510,421.17</u></u>

(a) Successor to Osgood Bradley Car Corporation.

(b) Payable in semi-annual installments of \$6,600.00 each.

(c) Payable in monthly installments of \$18,333.33 each.

(d) Payable semi-annually:

\$150,000.00 in \$50,000.00 installments

\$112,954.50 in \$12,550.50 installments.

(e) Payable in annual installments of principal \$130,000.00 and semi-annual installments of interest.

(f) Deposited in Fund for Replacement of Equipment:

Brooklyn, Queens County and Suburban Railroad Co. First Consolidated 5s \$ 47,000.00

The Brooklyn City Rail Road Co. First Consolidated 5s..... 295,000.00

Brooklyn City and Newtown Railroad Co. Consolidated First 5s..... 13,000.00

Nassau Electric Railroad Co. First Consolidated 4s..... 51,000.00

(g) Deposited with Trustee of Nassau Electric Railroad Co. First Consolidated Mortgage..... 1,171,000.00

(h) Bonds issued under consolidated mortgage of The Coney Island and Brooklyn Rail Road Company bear the name of Brooklyn and Queens Transit Corporation as obligor, this company being the successor to The Coney Island and Brooklyn Rail Road Company..... 1,500,000.00

SEVENTH  
ANNUAL REPORT

OF

Brooklyn and Queens  
Transit Corporation

FOR THE

Year Ended June 30, 1936

# Brooklyn and Queens Transit Corporation

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## DIRECTORS

FRANK BAILEY  
ARTHUR H. BUNKER  
IRVING T. BUSH  
THOMAS L. CHADBOURNE  
GERHARD M. DAHL  
WILLIAM N. DYKMAN  
CHARLES HAYDEN  
JOHN V. JEWELL

EDWIN P. MAYNARD  
WILLIAM S. MENDEN  
BENJAMIN H. NAMM  
H. HOBART PORTER  
CHARLES S. SARGENT  
FREDERICK STRAUSS  
HERBERT BAYARD SWOPE  
ALBERT H. WIGGIN

## EXECUTIVE COMMITTEE

ARTHUR H. BUNKER  
GERHARD M. DAHL  
WILLIAM N. DYKMAN  
CHARLES HAYDEN  
EDWIN P. MAYNARD

WILLIAM S. MENDEN  
H. HOBART PORTER  
FREDERICK STRAUSS  
HERBERT BAYARD SWOPE  
ALBERT H. WIGGIN

## OFFICERS

Chairman of Board.....GERHARD M. DAHL  
President.....WILLIAM S. MENDEN  
Vice President and General Counsel..GEORGE D. YEOMANS  
Vice President.....WILLIAM T. ROSSELL  
Vice President.....GEORGE W. JONES  
Secretary and Treasurer.....FRED C. MARSTON  
Comptroller.....JAMES ADDISON



# SEVENTH ANNUAL REPORT

## OF

### Brooklyn and Queens Transit Corporation

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385 Flatbush Avenue Extension,  
Brooklyn, New York,  
August 27, 1936.

TO THE STOCKHOLDERS:

The annual report showing the financial condition of your Corporation on June 30, 1936, and the results of its operations for the year ended on that date, is as follows:

#### CONSOLIDATED RESULTS

The following is a condensed consolidated statement of operations of your Corporation and its subsidiaries for the fiscal year ended June 30, 1936, and for the preceding fiscal year.

	1936	1935
Operating Revenues.....	\$20,854,263.02	\$20,491,778.34
Operating Expenses, including Maintenance and Depreciation .....	<u>16,587,567.16</u>	<u>16,061,091.45</u>
Net Operating Revenues .....	\$ 4,266,695.86	\$ 4,430,686.89
Taxes Paid and Accrued.....	<u>1,756,179.56</u>	<u>1,692,667.55</u>
Operating Income.....	2,510,516.30	2,738,019.34
Non-Operating Income.....	<u>180,982.92</u>	<u>188,864.16</u>
Gross Income.....	2,691,499.22	2,926,883.50
Income Deductions—Interest, Amortization, Rentals, etc.....	<u>1,495,372.32</u>	<u>1,524,434.55</u>
Current Income Carried to Surplus...	<u>\$ 1,196,126.90</u>	<u>\$ 1,402,448.95</u>

There were paid during the fiscal year 1936 on the outstanding \$6 Cumulative Preferred Stock of your Corporation, one quarterly dividend of 50 cents per share and three quarterly dividends of 75 cents per share, a total of \$2.75 per share. As of June 30, 1936, the cumulative undeclared dividends on the Preferred Stock amounted to \$5.75 per share. The action of your Board of Directors in declaring only partial dividends on the Preferred Stock was taken in order to conserve cash so as to permit the continued modernization of the properties of the system without increasing the bonded indebtedness.

## TRAFFIC

The total fare passengers carried on all lines of the Brooklyn and Queens Transit System including the Brooklyn Bus Corporation for the respective fiscal years were as follows:

	1936	1935	Increase
Trolley lines.....	349,101,879	346,977,587	0.6%
Bus lines.....	72,900,835	67,179,550	8.5%
Total.....	<u>422,002,714</u>	<u>414,157,137</u>	1.9%

The increase of traffic on the trolley lines in the fiscal year 1936, as compared with the previous fiscal year, is particularly noteworthy as the trend of traffic on the trolley lines had been consistently downward during the prior seven years. This increase in trolley traffic has occurred notwithstanding the fact that during part of the fiscal year 1936 the Independent Subway operated by the City of New York was extended into the central part of Brooklyn and there was increased competition between the trolley lines and the Independent Subway for local traffic.

To meet this increased competition and to offset the loss in long-haul riders by the trolley lines, a number of special services to develop the use of the trolley lines as feeder service to the rapid transit lines have been placed in operation.

Also, the policy has been followed of making combinations of lines operating to common terminals where traffic checks and studies have indicated that the necessity of changing cars or paying second fares for short additional rides has been a factor in diverting traffic to competing agencies of transit. Experience has indicated that the convenience of through service, even without fare revisions, in many cases has been effective in attracting additional riders to the trolley lines. The possibilities of increasing the effectiveness of the trolley lines by breaking down the barriers to through riding created by second fare points and artificial terminal points are being carefully studied and single fare overlap zones with through operation introduced where local conditions as to shopping centers, population and traffic trends indicate that increased riding on the trolley lines is likely to result from such changes.

The total car miles operated on trolley lines in the fiscal year 1936, were 47,482,658, an increase of 445,293 car miles or 0.9% of the total car miles operated in the previous year and a decrease of 2,856,439 car miles or 5.7% of the total car miles operated in the fiscal year 1930.

The decrease of 5.7% in car miles operated in 1936 as compared with 1930 contrasts with a decrease of 24.9% in passengers

carried on trolley lines in the same period and indicates the extent to which the quality of service has been maintained in an endeavor to render the public the best possible service in the face of a substantial decrease in gross revenues.

## **REVENUES AND OPERATING COSTS**

In the condensed consolidated statement of operations above, it will be observed that the total operating revenue in the fiscal year 1936 was \$362,484.68 more than in 1935. The total operating expenses in 1936 were \$526,475.71 more than in 1935.

The increase in operating expenses reflects the increase in service operated on trolley lines and bus routes in the fiscal year 1936 as compared with the previous fiscal year and the increase of 3% in wages that was made effective in 1935. It also reflects the increased cost of materials used in operation, notably coal used for power, which was 10% higher in the fiscal year 1936 than in the preceding fiscal year.

The amount reserved for depreciation of way and structures for the year ended June 30, 1936, was \$510,000, in accordance with rules filed with the Transit Commission, as compared with \$610,000 for the preceding year. This reduction of \$100,000 was partially offset by the increase of about \$60,600 in maintenance of way and structures, so that the combined cost of maintenance and depreciation of way and structures for 1936 was substantially equal to that of the preceding year.

## **FREIGHT REVENUE**

The revenue from freight handled by the South Brooklyn Railway Company decreased approximately 10% in the fiscal year 1936 as compared with the preceding fiscal year. The total freight revenue this year was \$288,382.76, as compared with \$320,375.44 in 1935, \$290,693.02 in 1934 and \$225,511.05 in 1933. The decrease in freight revenue in the fiscal year 1936 as compared with the previous fiscal year was due largely to reduction in coal tonnage handled in the spring months.

## **TAXES**

During the past few years the percentage of revenue required for taxes has constantly increased and in the fiscal year 1936, as shown on Page 3, \$1,756,179.56 was required to be paid or accrued for taxes of the System, an increase of \$63,512.01 or 3.8% over the preceding fiscal year, without giving consideration to the additional provision made from surplus for taxes in litigation. Taxes charged to operations for the fiscal year were equivalent to \$2.20 a share on the Common Stock outstanding, and the ratio of taxes to operating revenue for the fiscal year 1936 was approximately 8.5%.



## **NEW CARS AND MODERNIZATION**

As stated in the 1935 annual report, orders were placed for the construction of 100 street cars of modern design and equipment for operation on the lines of your Corporation. It was expected that all of these cars would be in service before the end of the fiscal year 1936 but it was decided to complete one car first, so that additional studies and research as to methods of improving the design and construction of the car and its equipment might be made and full advantage taken of the latest developments in these fields. This procedure has delayed the construction of the cars but has resulted in substantial improvements in their design and equipment. The first car was delivered in May and has been used for intensive tests of the motors, controls, brakes and other apparatus with which it is equipped and also for the purpose of training members of the operating and maintenance staffs in operating and maintaining the equipment. Deliveries of the remaining cars are now in progress and as soon as a sufficient number is available one or more lines will be completely equipped so that the public will be afforded a more complete demonstration of their capabilities in meeting the need for a high-speed, smooth-riding, quiet and comfortable vehicle to provide adequately for surface line transportation in Brooklyn.

## **TRACK RECONSTRUCTION**

During the fiscal year 1936, approximately 25 miles of surface track were rebuilt, of which 15 miles were completely reconstructed. The new type of track construction without wooden ties but consisting of grooved rail  $4\frac{1}{2}$  inches high imbedded in a reinforced concrete roadbed was used on  $7\frac{1}{2}$  miles of track. During the previous fiscal year approximately 23 miles of surface track were rebuilt, of which  $10\frac{1}{2}$  miles were completely reconstructed.

## **BUS ROUTES**

Passenger traffic on the bus routes operated by the Brooklyn Bus Corporation increased 8.5% in the fiscal year 1936, as compared with the preceding fiscal year. The total number of fare passengers carried on the bus routes in 1936 was 72,900,835 and the total number in 1935 was 67,179,550. The total number of bus miles operated in 1936 was 10,841,593, an increase of 568,362 bus miles or 5.5% over the preceding year.



On April 30, 1936, a contract providing for the extension of 7 of the 21 bus routes of the Brooklyn Bus Corporation was entered into between the City of New York and the Bus Corporation. The mileage of the bus system was increased from 77.1 route miles to 86.5 route miles and the guaranteed minimum payment to the City was increased from \$100,000 to \$150,000 per annum, with a corresponding increase in the security fund on deposit with the City. The requisite certificates of convenience and necessity authorizing the operation of these extensions were issued by the Transit Commission and all but one of the extensions were in operation at the end of the fiscal year 1936. Orders were placed for the purchase of 30 additional buses for use on the extensions authorized by the April contract and also on other routes where increased traffic required additional buses.

## FINANCING

During the fiscal year 1936, the bank loans of your Corporation were retired from the proceeds of the sale of \$3,000,000 of Brooklyn and Queens Transit Corporation Five-Year 3½% Notes dated November 1, 1935. These notes were sold for cash at par to the Manufacturers Trust Company, Brooklyn Trust Company and The Equitable Trust Company of New York, pursuant to a Loan Agreement dated November 1, 1935 between your Corporation and the Trust Companies and are secured by the deposit and pledge of the following securities:

Nassau Electric Railroad Company:	
First Consolidated Mortgage 4% Bonds, due January 1, 1951.....	\$2,523,000
The Brooklyn City Rail Road Company:	
Refunding Mortgage 4% Bonds, due August 1, 1956.....	\$400,000
The Coney Island and Brooklyn Rail Road Company:	
First Consolidated Mortgage 4% Bonds, due July 1, 1948.....	\$97,000
Brooklyn City and Newtown Railroad Company:	
Consolidated First Mortgage 5% Bonds, due July 1, 1939.....	\$27,000
South Brooklyn Railway Company:	
Capital Stock.....	5,000 Shares

As part of this financing and in compliance with the orders of the Transit Commission approving it, your Corporation cancelled bonds previously held in the treasury, as follows:

Brooklyn, Queens County and Suburban Railroad Company:	
First Mortgage 5% Bonds, due July 1, 1941 . . . . .	\$1,521,000
First Consolidated Mortgage 5% Bonds, due July 1, 1941 . . . . .	181,000
The Brooklyn City Rail Road Company:	
Refunding Mortgage 4% Bonds, due August 1, 1956. . . . .	525,000
Nassau Electric Railroad Company:	
First Consolidated Mortgage 4% Bonds, due January 1, 1951 . . . . .	94,000
Brooklyn City and Newtown Railroad Company:	
Consolidated First Mortgage 5% Bonds, due July 1, 1939 . . . . .	5,000
The Coney Island and Brooklyn Rail Road Company:	
First Consolidated Mortgage 4% Bonds, due July 1, 1948 . . . . .	1,000
<b>TOTAL . . . . .</b>	<b>\$2,327,000</b>

The funded debt of the Brooklyn and Queens Transit System also was reduced during the year by the payment of the following items:

Brooklyn Bus Corporation, bus purchase notes . . . . .	\$ 345,101
B. and Q. Service Co., Inc., car lease warrants . . . . .	169,000
Brooklyn and Queens Transit Corporation, electric bus purchase contract . . . . .	13,200
<b>TOTAL . . . . .</b>	<b>\$527,301</b>

In addition to these reductions in funded debt, there were substantial expenditures for additions and betterments to the trolley and bus properties during the fiscal year 1936. The Brooklyn and Queens Transit Corporation expended approximately \$75,000 for new loop tracks and special connecting curves required by changes in operation on the trolley lines. The Brooklyn Bus Corporation expended over \$377,000 for additions and betterments in the fiscal year 1936, as follows:

Reconstruction of and additions to buses . . . . .	\$ 146,000
Buildings used in bus operation . . . . .	102,000
Snow fighting equipment . . . . .	102,000
Bus heating and other equipment . . . . .	27,000
<b>TOTAL . . . . .</b>	<b>\$ 377,000</b>

Also, the Bus Corporation expended approximately \$41,000 for additional security deposited with The City of New York, as required by the franchise contract of April 30, 1936, extending seven of the bus routes.

The B. and Q. Service Company, Inc., all of the stock of which company is owned by your Corporation, sold at par during the fiscal year 1936, \$1,500,000 principal amount of ten-year serial equipment trust certificates, which certificates are guaranteed as to the payment of principal and interest by your Corporation. The Certificates were issued to finance the purchase of the 100 new street cars, referred to above, and are dated January 1, 1936. The certificates maturing in 1937 and 1938 bear interest at 3%; those maturing in 1939, 1940 and 1941 inclusive, bear interest at 4%; and those maturing from 1942 to 1946 inclusive, bear interest at 5%.

A condensed consolidated balance sheet, a comparative statement of consolidated income and a statement of consolidated earned surplus are appended to this report.

Respectfully submitted,

GERHARD M. DAHL,  
*Chairman.*





**Condensed Consolidated  
Balance Sheet  
and  
Comparative Statement  
of Consolidated Income  
and  
Statement  
of Consolidated Earned Surplus**



## NILES & NILES

CERTIFIED PUBLIC ACCOUNTANTS

165 BROADWAY, NEW YORK

### CERTIFICATE OF ACCOUNTANTS

To the Board of Directors  
of the BROOKLYN AND QUEENS TRANSIT CORPORATION:

We have made an examination of the consolidated balance sheet of the Brooklyn and Queens Transit Corporation and its subsidiary companies as at June 30, 1936, and of the statements of consolidated income and surplus of those companies for the year ended June 30, 1936. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence, and obtained information and explanations from officers and employees of the companies. We also made a general review of the accounting methods and of the operating and income accounts for the year but we did not make a detailed audit of the transactions.

The amounts reserved for depreciation are computed by using (1) fixed amounts per annum for the traction properties, (2) rates per mile of operation for the buses, and (3) fixed percentages applied to the property accounts for the other depreciable properties. The rates, percentages, and amounts are determined by the officials of each company, based on the condition and efficiency of its property and on prospective retirements. During the year ended June 30, 1936, the amount reserved for depreciation of way and structures was reduced, as shown in Note (A) on Page 16. The bases for computing depreciation have been filed with the Transit Commission for all companies subject to its supervision.

In our opinion, subject to the foregoing comments and based upon our examination, the accompanying consolidated balance sheet of the Brooklyn and Queens Transit Corporation and its subsidiary companies, and the related statements of income and surplus of those companies fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the position of the Brooklyn and Queens Transit Corporation and its subsidiary companies as at June 30, 1936, and the combined results of their operations for the year ended on that date.

NILES & NILES,  
*Certified Public Accountants.*

New York, August 27, 1936.

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1936

## ASSETS

ROAD AND EQUIPMENT, AT COST.....		\$108,451,554.72	
CURRENT ASSETS:			
Cash.....	\$587,066.50		
Coupon Deposit.....	410,991.50		
Dividend Deposit.....	218,193.76		
Securities, at Cost.....	980.00		
Accounts Receivable.....	\$329,913.24		
LESS: Reserve for Doubtful Accts.	37,807.61		
		292,105.63	
Interest Receivable.....	15,012.42		
Due from Associated Companies.....	58,535.88		
Materials and Supplies, at Cost.....	1,025,518.33		2,608,404.02
MORTGAGES, NOTES AND ACCOUNTS NOT CURRENTLY RECEIVABLE, LESS RESERVE.....			249,972.92
SPECIAL DEPOSITS OF SECURITIES (AT COST) AND CASH:			
City of New York re Franchises:			
City of New York Corporate Stock, Cash, etc..	173,769.84		
State Industrial Commission:			
City of New York and United States Securities.	699,137.41		
Trustees, Fund for Replacement of Equipment:			
Securities of Associated Com-			
panies.....	\$2,368,968.50		
Other Securities, Cash and In-			
terest Receivable.....	63,226.58		
		\$2,432,195.08	
LESS: Securities and Interest of Associated Companies Elim-			
inated.....	2,407,685.79	24,509.29	
Trustee, Equipment Trust Notes:			
Cash.....	1,500,000.00		
Other Special Deposits of Securities and Cash....	56,374.17		2,453,790.71
DEFERRED CHARGES:			
Prepayments (Interest, Taxes, Insurance, etc.)...	176,532.09		
Unamortized Debt Discount, Reconstructing Buildings and Other Items in Suspense.....	831,787.48		1,008,319.57
TOTAL.....			<u>\$114,772,041.94</u>



# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1936

## CAPITAL STOCK, LIABILITIES AND SURPLUS

### CAPITAL STOCK—ISSUED AND OUTSTANDING:

Preferred Stock, \$6 Cum. 283,250 Shares.....	\$28,325,000.00(A)	
Common Stock, 800,000 Shares.....	18,800,000.00	\$ 47,125,000.00

FUNDED DEBT AS PER SCHEDULE PAGES 18 AND 19	31,486,420.17
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REAL ESTATE MORTGAGE.....	87,500.00
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CERTIFICATES OF INDEBTEDNESS TO ASSOCIATED COMPANIES.....	699,712.48
--	------------

### CURRENT LIABILITIES:

Accounts Payable.....	1,081,895.14	
Dividends Payable.....	218,193.76	
Tax Accruals.....	668,457.57	
Interest Accrued on Funded Debt.....	614,653.51	
Other Interest Accrued.....	7,406.58	
Tort Claims and Judgments.....	22,572.06	
Due to Associated Companies.....	249,381.24	2,862,559.86

### RESERVES:

Contingencies.....	17,358,631.21	
Amortization of Capital.....	2,742,116.79	
Replacement of Equipment.....	2,432,195.08	
Damages.....	2,837,277.48	
Taxes in Litigation and Contingent Tax Liability.....	1,024,375.69	
Other Reserves.....	316,528.44	
Unadjusted Credits.....	62,022.56	26,773,147.25

EXCESS OF PAR OVER COST OF REACQUIRED BONDS..	65,576.50
---	-----------

CAPITAL SURPLUS.....	2,537,098.85	
LESS: Amount Eliminated in Consolidation....	1,071,526.49	1,465,572.36

EARNED SURPLUS as per Statement.....	4,206,553.32(A)
--------------------------------------	-----------------

TOTAL.....	\$114,772,041.94
------------	------------------

(A) Accumulated undeclared dividends on Preferred Stock of Brooklyn and Queens Transit Corporation amounted to \$1,628,687.50 on June 30, 1936, or \$5.75 per share.

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## COMPARATIVE STATEMENT OF CONSOLIDATED INCOME TWO YEARS ENDED JUNE 30, 1936

REVENUE FROM TRANSPORTATION:	Year Ended June 30, 1936	Year Ended June 30, 1935
Passenger Revenue other than Brooklyn Bus Corporation.....	\$16,737,048.38	\$16,606,452.36
Passenger Revenue, Brooklyn Bus Corporation....	3,519,571.28	3,246,561.44
Freight Revenue.....	288,382.76	320,375.44
<b>TOTAL REVENUE FROM TRANSPORTATION....</b>	<b>20,545,002.42</b>	<b>20,173,389.24</b>
<b>OTHER OPERATING REVENUES:</b>		
Advertising and Other Privileges.....	59,861.83	64,899.97
Rent of Land, Buildings, etc.....	139,046.37	140,825.09
Rent of Equipment.....	74,568.88	76,529.17
Rent of Tracks and Terminals.....	27,168.25	26,495.90
Sale of Power.....	898.30	854.46
Miscellaneous Revenue.....	7,716.97	8,784.51
<b>TOTAL OPERATING REVENUES.....</b>	<b>20,854,263.02</b>	<b>20,491,778.34</b>
<b>OPERATING EXPENSES:</b>		
Maintenance of Way and Structures.....	1,030,256.14	969,639.69
Depreciation of Way and Structures.....	510,000.00(A)	610,000.00
Maintenance of Equipment.....	2,036,120.32	1,973,552.24
Depreciation of Equipment.....	880,939.56	833,682.22
Purchased Power, etc.....	2,439,876.35	2,272,888.63
Operation of Cars.....	6,778,182.10	6,550,184.01
Injuries to Persons and Property.....	1,865,859.87	1,818,134.74
Traffic Expenses.....	1,553.14	3,566.14
General and Miscellaneous Expenses.....	845,777.38	835,345.16
Freight Expenses.....	199,002.30	194,098.62
<b>TOTAL OPERATING EXPENSES.....</b>	<b>16,587,567.16</b>	<b>16,061,091.45</b>
<b>NET REVENUE FROM OPERATIONS.....</b>	<b>4,266,695.86</b>	<b>4,430,686.89</b>
<b>TAXES ASSIGNABLE TO OPERATIONS.....</b>	<b>1,756,179.56</b>	<b>1,692,667.55</b>
<b>OPERATING INCOME.....</b>	<b>2,510,516.30</b>	<b>2,738,019.34</b>
<b>NON-OPERATING INCOME.....</b>	<b>180,982.92</b>	<b>188,864.16</b>
<b>GROSS INCOME.....</b>	<b>2,691,499.22</b>	<b>2,926,883.50</b>
<b>INCOME DEDUCTIONS:</b>		
Interest Deductions.....	1,392,501.41	1,431,767.62
Rent Deductions.....	36,073.35	40,650.72
Amortization and other Deductions from Income.	66,797.56	52,016.21
<b>TOTAL INCOME DEDUCTIONS.....</b>	<b>1,495,372.32</b>	<b>1,524,434.55</b>
<b>CURRENT INCOME CARRIED TO SURPLUS (B).....</b>	<b>1,196,126.90</b>	<b>1,402,448.95</b>

(A) The amounts reserved for depreciation of way and structures of Brooklyn and Queens Transit Corporation were reduced from \$600,000.00 per annum to \$500,000.00 per annum as of July 1, 1935. (See Page 5 of this report.)

(B) As of June 30, 1936, an additional reserve of \$370,000.00 for Taxes in Litigation and Contingent Tax Liability was transferred from Surplus. Approximately 50% of this amount, under certain contingencies, may be applicable to the fiscal year ended June 30, 1936.

**BROOKLYN AND QUEENS TRANSIT CORPORATION AND  
SUBSIDIARY COMPANIES**

**STATEMENT OF CONSOLIDATED EARNED SURPLUS  
YEAR ENDED JUNE 30, 1936**

BALANCE, JUNE 30, 1935.....	\$4,126,062.05
CURRENT INCOME, Year Ended June 30, 1936, as per Statement.....	1,196,126.90
(Note (B) Page 16)	
TOTAL.....	<u>5,322,188.95</u>

CHARGES TO SURPLUS:

Additional provision for taxes in litigation and contin-  
gent tax liability (Note (B) Page 16) ..... \$370,000.00

LESS CREDITS TO SURPLUS:

Miscellaneous adjustments, Net ..... 33,301.87

NET CHARGES TO SURPLUS..... 336,698.13

BALANCE OF EARNED SURPLUS BEFORE DIVIDENDS..... 4,985,490.82

DEDUCT DIVIDENDS ON \$6 CUMULATIVE PREFERRED STOCK OF BROOKLYN  
AND QUEENS TRANSIT CORPORATION, \$2.75 per Share ..... 778,937.50

BALANCE, JUNE 30, 1936..... \$4,206,553.32(A)

(A) Accumulated undeclared dividends on Preferred Stock of Brooklyn and Queens Transit Corporation amounted to \$1,628,687.50 on June 30, 1936, or \$5.75 per share.



# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## FUNDED DEBT—JUNE 30, 1936

	Maturity	Interest Rate	Outstanding	Intercompany Holdings	In the Hands of Public
BROOKLYN AND QUEENS TRANSIT CORPORATION:					
Brooklyn and Queens Transit Corporation:					
Five Year Notes.....(b)	11/1/40	3½%	\$ 3,000,000.00	.....	\$ 3,000,000.00
Contract—Pullman Standard Car Mfg. Co.....(c)		6%	26,400.00	.....	26,400.00
Brooklyn, Queens County and Suburban Railroad Company:					
First Mortgage.....	7/1/41	5%	1,409,000.00	.....	1,409,000.00
First Consolidated Mortgage.....	7/1/41	5%	2,703,000.00	(d) 47,000.00	2,656,000.00
The Brooklyn City Rail Road Company:					
First Consolidated Mortgage.....	7/1/41	5%	6,000,000.00	(d) 295,000.00	5,705,000.00
Refunding Mortgage.....	8/1/56	4%	400,000.00	(b) 400,000.00	.....
Brooklyn City and Newtown Railroad Company:					
Consolidated First Mortgage.....	7/1/39	5%	1,995,000.00	(b)(d) 40,000.00	1,955,000.00
The Coney Island and Brooklyn Rail Road Company:					
First Consolidated Mortgage.....	7/1/48	4%	1,999,000.00	(b) 97,000.00	1,902,000.00
Consolidated Mortgage.....(a)	1/1/40	5%	1,500,000.00	.....	1,500,000.00
Nassau Electric Railroad Company:					
First Mortgage.....	4/1/44	5%	660,000.00	.....	660,000.00
First Consolidated Mortgage.....	1/1/51	4%	13,996,000.00	(b)(d)(e) 3,745,000.00	10,251,000.00
			<u>\$33,688,400.00</u>	<u>\$ 4,624,000.00</u>	<u>\$29,064,400.00</u>
BROOKLYN BUS CORPORATION:					
Bus Purchase Notes.....(f)		5%	\$ 36,666.67	.....	\$ 36,666.67
Conditional Sale Agreements—Mack-International Motor Truck Corporation.....(g)		5%	137,853.50	.....	137,853.50
			<u>\$ 174,520.17</u>	<u>.....</u>	<u>\$ 174,520.17</u>



B. AND Q. SERVICE COMPANY, INC.:

Car Lease Warrants.....  
Equipment Trust Notes, Series A.....

TOTAL.....

(h)	5%	\$ 747,500.00		\$ 747,500.00
(i)	Various	1,500,000.00		1,500,000.00
		<u>\$ 2,247,500.00</u>		<u>\$ 2,247,500.00</u>
		<u>\$36,110,420.17</u>	<u>\$ 4,624,000.00</u>	<u>\$31,486,420.17</u>

- (a) Bonds issued under Consolidated Mortgage of The Coney Island and Brooklyn Rail Road Company bear the name of Brooklyn and Queens Transit Corporation as obligor, this company being the successor to The Coney Island and Brooklyn Rail Road Company.
- (b) Pledged under Brooklyn and Queens Transit Corporation 3½% Notes:
- |   |               |
|---|---------------|
| The Brooklyn City Rail Road Company Refunding 4's.....                      | \$ 400,000.00 |
| Brooklyn City and Newtown Railroad Company Consolidated First 5's           | 27,000.00     |
| The Coney Island and Brooklyn Rail Road Company First Consolidated 4's..... | 97,000.00     |
| Nassau Electric Railroad Company First Consolidated 4's.....                | 2,523,000.00  |
| South Brooklyn Railway Company Capital Stock.....                           | 5,000 Shares  |
- (c) Payable in semi-annual installments of \$6,600.00.

- (d) Deposited in Fund for Replacement of Equipment:
- |   |              |
|---|--------------|
| Brooklyn, Queens County and Suburban Railroad Company First Consolidated 5's..... | \$ 47,000.00 |
| The Brooklyn City Rail Road Company First Consolidated 5's.....                   | 295,000.00   |
| Brooklyn City and Newtown Railroad Company Consolidated First 5's.                | 13,000.00    |
| Nassau Electric Railroad Company First Consolidated 4's.....                      | 51,000.00    |
- (e) Deposited with Trustee of Nassau Electric Railroad Company First Consolidated Mortgage..... 1,171,000.00
- (f) Payable in monthly installments of \$18,333.33.
- (g) Payable:
- |   |
|---|
| \$50,000.00 on December 31, 1936.                       |
| \$87,853.50 in semi-annual installments of \$12,550.50. |
- (h) Payable in annual installments of principal of \$130,000.00 each and semi-annual installments of interest.
- (i) Payable in annual installments of \$150,000.00.



EIGHTH  
ANNUAL REPORT

OF

Brooklyn and Queens  
Transit Corporation

FOR THE

Year Ended June 30, 1937

# Brooklyn and Queens Transit Corporation

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## DIRECTORS

FRANK BAILEY	FRED C. MARSTON
ARTHUR H. BUNKER	EDWIN P. MAYNARD
IRVING T. BUSH	GEORGE V. McLAUGHLIN
THOMAS L. CHADBOURNE	WILLIAM S. MENDEN
GERHARD M. DAHL	BENJAMIN H. NAMM
*WILLIAM N. DYKMAN	H. HOBART PORTER
*CHARLES HAYDEN	CHARLES S. SARGENT
JOHN V. JEWELL	FREDERIC B. STEWART
HERBERT BAYARD SWOPE	

## EXECUTIVE COMMITTEE

ARTHUR H. BUNKER	EDWIN P. MAYNARD
THOMAS L. CHADBOURNE	WILLIAM S. MENDEN
GERHARD M. DAHL	BENJAMIN H. NAMM
*CHARLES HAYDEN	H. HOBART PORTER
*WILLIAM N. DYKMAN	HERBERT BAYARD SWOPE

## OFFICERS

Chairman of Board . . . . .	GERHARD M. DAHL
President . . . . .	WILLIAM S. MENDEN
Vice President and General Counsel . .	GEORGE D. YEOMANS
Vice President . . . . .	WILLIAM T. ROSSELL
Vice President . . . . .	GEORGE W. JONES
Secretary and Treasurer . . . . .	FRED C. MARSTON
Comptroller . . . . .	JAMES ADDISON

\*Deceased



# EIGHTH ANNUAL REPORT OF Brooklyn and Queens Transit Corporation

385 Flatbush Avenue Extension,  
Brooklyn, New York,  
August 26, 1937.

TO THE STOCKHOLDERS:

The annual report showing the financial condition of your Corporation on June 30, 1937, and the results of its operations for the year ended on that date, is as follows:

## CONSOLIDATED RESULTS

The following is a condensed consolidated statement of operations of your Corporation and its subsidiaries for the fiscal year ended June 30, 1937, and for the preceding fiscal year.

	1937	1936
Operating Revenues.....	\$21,312,304.48	\$20,854,263.02
Operating Expenses, including Maintenance and Depreciation.....	17,141,398.88	16,587,567.16
Net Operating Revenues.....	4,170,905.60	4,266,695.86
Taxes .....	2,186,006.74	1,756,179.56
Operating Income.....	1,984,898.86	2,510,516.30
Non-Operating Income.....	205,658.61	180,982.92
Gross Income.....	2,190,557.47	2,691,499.22
Income Deductions—Interest, Amortization, Rentals, etc.....	1,544,726.35	1,495,372.32
Current Income Carried to Surplus. . .	\$ 645,831.12	\$ 1,196,126.90

## DIVIDENDS

There were paid during the fiscal year 1937 on the outstanding \$6 Cumulative Preferred Stock of your Corporation, three quarterly dividends of 75 cents per share, a total of \$2.25 per share. No dividend was declared for quarter ended June 30, 1937.

As of June 30, 1937, the cumulative undeclared dividends on the Preferred Stock amounted to \$9.50 per share.

### TRAFFIC

The total number of fare passengers carried on all lines of the Brooklyn and Queens Transit System including the Brooklyn Bus Corporation was as follows:

	1937	1936	Increase
Trolley lines.....	352,234,106	349,101,879	0.89%
Bus lines.....	78,617,085	72,900,835	7.84%
Total.....	430,851,191	422,002,714	2.09%

The increase in trolley traffic occurred notwithstanding that during the fiscal year 1937 the Independent Subway operated by the City of New York extended its lines and there was increased competition between the trolley lines and the Independent Subway for local traffic.

The total car miles operated on trolley lines in the fiscal year 1937, was 48,378,199, an increase of 895,541 car miles or 1.88% of the total car miles operated in the previous year.

### BUS ROUTES

Passenger traffic on the bus routes operated by the Brooklyn Bus Corporation increased 7.84% in the fiscal year 1937, as compared with the preceding fiscal year. The total number of fare passengers carried on the bus routes in 1937 was 78,617,085 and the total number in 1936 was 72,900,835. The total number of bus miles operated in 1937 was 12,026,981, an increase of 1,185,388 bus miles or 10.9% over the preceding year, reflecting operation of 30 additional buses and increased route miles referred to in the 1936 annual report (page 7).

### REVENUES, OPERATING COSTS AND TAXES

In the condensed consolidated statement of operations, (Page 3), it may be observed that the total operating revenues for the fiscal year 1937 was \$458,041.46 more than in 1936, and the total operating expenses in 1937 was \$553,831.72 more than in 1936.

The increase in operating expenses reflects the increase in service operated on trolley lines and bus routes in the fiscal year

1937 as compared with the previous fiscal year and the increased wages and cost of materials.

During the past few years the percentage of revenue required for taxes has constantly increased and in the fiscal year 1937, as shown on Page 3, \$2,186,006.74 was required to be paid or accrued for taxes of the System, an increase of \$429,827.18 or 24.5% over the preceding fiscal year, without giving consideration to the additional provision made from surplus for contingent tax liability. Taxes charged to operations for the fiscal year were equivalent to \$2.73 a share on the Common Stock outstanding, and the ratio to operating revenues was approximately 10.3% as compared with 5.9% for the fiscal year 1930.

In accordance with schedules filed with the Transit Commission, the amount reserved for depreciation of equipment for the year ended June 30, 1937, was \$940,711.79, which is \$59,772.23 more than for the fiscal year 1936; the amount reserved for depreciation of way and structures was \$510,000.00, the same amount as for the preceding year. Effective January 1, 1937, in accordance with schedule filed with the Transit Commission, and as a result of experience in operation, the amounts reserved for depreciation of buses by Brooklyn Bus Corporation were computed on bases of 2 cents, 2 $\frac{1}{4}$  cents and 2 $\frac{3}{4}$  cents per bus mile according to size of bus, superseding bases of 2 $\frac{1}{2}$  cents, 3 cents and 4 cents per bus mile, respectively.

### FREIGHT REVENUE

The freight revenue of South Brooklyn Railway Company increased over 9% in the fiscal year 1937 as compared with the fiscal year 1936. The total freight revenue was \$314,536.55 in 1937, \$288,382.76 in 1936, \$320,375.44 in 1935, \$290,693.02 in 1934 and \$225,511.05 in 1933. The increase in freight revenue in the fiscal year 1937 was caused chiefly by additional tonnage of building materials inbound and of roasted coffee outbound.

### TRACK RECONSTRUCTION

During the fiscal year 1937, there were rebuilt 27 $\frac{1}{2}$  miles of surface track, of which 15.91 miles were completely reconstructed. The new type of track construction without wooden ties but consisting of grooved rail 4 $\frac{1}{2}$  inches high imbedded in a reinforced concrete roadbed was used on 6.72 miles of track; .382 mile of loop tracks was installed at three locations. During the previous fiscal year approximately 25 miles of surface track were rebuilt, of which 15 miles were completely reconstructed.

## ADDITIONS AND BETTERMENTS

The amounts charged to Fixed Capital Account during the fiscal year 1937 included the following:

### BROOKLYN AND QUEENS TRANSIT CORPORATION:

Additional automotive equipment including 16 patrol cars and one snow loader truck.....	\$ 20,000.00	
Electric switching devices for various locations and spare equipment for trolley cars.....	32,000.00	
Looping facilities at various locations.....	38,000.00	\$ 90,000.00

### BROOKLYN BUS CORPORATION:

30 A.C.F. buses (referred to on page 7 of the 1936 report); 4 patrol cars; and bus "Stop" signs.....		290,000.00
--	--	------------

### B. AND Q. SERVICE COMPANY, INC.:

100 new street cars (referred to on pages 6 and 9 of the 1936 report).....	1,522,000.00	
Sub-station equipment—Avenue H Sub-station.....	9,000.00	1,531,000.00

TOTAL.....		<u>\$1,911,000.00</u>
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## FUNDED DEBT RETIRED

Funded Debt of Brooklyn and Queens Transit System was reduced during fiscal year 1937 by payments, as follows:

### BROOKLYN AND QUEENS TRANSIT CORPORATION:

Contract—Pullman Incorporated.....		\$ 13,200.00
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### B. AND Q. SERVICE COMPANY, INC.:

Car Lease Warrants.....	\$162,500.00	
Equipment Trust Notes, Series A.....	150,000.00	312,500.00

### BROOKLYN BUS CORPORATION:

Conditional Sales Agreements—Mack-International Motor Truck Corporation.....	75,101.00	
Bus Purchase Notes.....	36,666.67	111,767.67

TOTAL.....		<u>\$437,467.67</u>
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A condensed consolidated balance sheet, a comparative statement of consolidated income and a statement of consolidated earned surplus are appended to this report.

Respectfully submitted,

GERHARD M. DAHL,

*Chairman.*



**Condensed Consolidated  
Balance Sheet  
and  
Comparative Statement  
of Consolidated Income  
and  
Statement  
of Consolidated Earned Surplus**



## NILES & NILES

CERTIFIED PUBLIC ACCOUNTANTS

165 BROADWAY, NEW YORK

### CERTIFICATE OF ACCOUNTANTS

To the Board of Directors  
of the BROOKLYN AND QUEENS TRANSIT CORPORATION:

We have made an examination of the consolidated balance sheet of the Brooklyn and Queens Transit Corporation and its subsidiary companies as at June 30, 1937, and of the statements of consolidated income and surplus of those companies for the year ended June 30, 1937. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies. We also made a general review of the accounting methods and of the operating and income accounts for the year but we did not make a detailed audit of the transactions.

The amounts reserved for depreciation and amortization through charges to current income have been determined by methods consistent with those of prior years, except for a reduction in the rates for buses as noted on the statement of consolidated income. The amounts are determined by the officials of the companies based on the condition and efficiency of the properties and on prospective retirements. A footnote on the consolidated balance sheet calls attention to a transfer during the year from the General and Contingent reserve.

In the consolidated balance sheet, funded debt due within one year is shown as part of the funded debt because it is payable largely from sources not yet represented in Current Assets. In its annual report on Form 10-K under the Securities Exchange Act of 1934, the company is required to include this amount in Current Liabilities.

In our opinion, based upon our examination and subject to the foregoing comments, the accompanying consolidated balance sheet of the Brooklyn and Queens Transit Corporation and its subsidiary companies, and the related statements of income and surplus of those companies fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the position of the Brooklyn and Queens Transit Corporation and its subsidiary companies as at June 30, 1937, and the combined results of their operations for the year ended on that date.

NILES & NILES,

*Certified Public Accountants.*

New York, August 26, 1937.

**BROOKLYN AND QUEENS TRANSIT CORPORATION  
AND SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1937**

**ASSETS**

ROAD AND EQUIPMENT, at Cost.....			\$109,691,723.08
CURRENT ASSETS:			
Cash.....	\$	419,741.44	
Coupon Deposit.....		566,849.00	
Dividend Deposit.....		5,962.82	
Marketable Securities at Cost (quoted value \$44,125.13).....		45,019.38	
Accounts Receivable.....	\$169,572.93		
LESS: Reserve for Doubtful A/cs.    4,611.02		164,961.91	
Interest Receivable.....		13,917.57	
Due from Associated Companies.....		35,848.88	
Materials and Supplies, at Cost.....		1,250,548.85	2,502,849.85
MORTGAGES, NOTES AND ACCOUNTS NOT CURRENTLY RECEIVABLE, LESS RESERVE.....			236,326.92
SPECIAL DEPOSITS OF SECURITIES (AT COST) AND CASH:			
City of New York re Franchises:			
City of New York Corporate Stock, Cash, etc. .		173,769.84	
State Industrial Commission:			
City of New York and United States Securities.		748,372.41	
Other Special Deposits of Securities and Cash. . . .		27,781.04	949,923.29
DEFERRED CHARGES:			
Prepaid Accounts (Interest, Taxes, Insurance, etc.).....		197,221.29	
Unamortized Debt Discount and Expense.....		36,078.79	
Leasehold Improvements (Bus) and Miscellaneous Items in Suspense.....		778,707.38	1,012,007.46
TOTAL.....			<u><u>\$114,392,830.60</u></u>



# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1937

## CAPITAL STOCK, LIABILITIES AND SURPLUS

### CAPITAL STOCK—No PAR VALUE:

#### Brooklyn and Queens Transit Corporation:

	SHARES		
	Authorized	Issued and Outstanding	
Preferred, \$6.00 Cumulative.	283,250	283,250	\$28,325,000.00(A)
Common.....	820,000	800,000	<u>18,800,000.00</u> \$ 47,125,000.00

FUNDED DEBT, as per Schedule (Pages 14-15) ..... 31,454,952.50  
(Payable within one year, \$344,301.00)

REAL ESTATE MORTGAGE (Payable on Demand)..... 62,500.00

CERTIFICATES OF INDEBTEDNESS TO ASSOCIATED  
COMPANIES..... 699,712.48

### CURRENT LIABILITIES:

Accounts Payable.....	1,011,394.55	
Dividends Payable.....	5,962.82	
Tax Accruals.....	276,214.42	
Interest Accrued on Funded Debt.....	583,029.90	
Other Interest Accrued.....	7,293.93	
Damages, Tort Claims and Judgments.....	41,751.66	
Due to Associated Companies.....	<u>635,125.28</u>	2,560,772.56

### RESERVES:

General and Contingent (B).....	14,959,239.62	
Amortization of Capital (B).....	7,815,367.48	
Damages.....	3,065,845.38	
Contingent Tax Liability.....	1,784,469.08	
Other Reserves.....	388,019.89	
Unadjusted Credits.....	<u>64,659.97</u>	28,077,601.42

CAPITAL SURPLUS..... 2,537,098.85  
LESS: Amount eliminated in consolidation.... 1,071,526.49 1,465,572.36

EARNED SURPLUS as per Statement..... 2,946,719.28(A)

TOTAL..... \$114,392,830.60

(A) Accumulated undeclared dividends on Preferred Stock of Brooklyn and Queens Transit Corporation amounted to \$2,690,875.00 on June 30, 1937, or \$9.50 per share.

(B) During the year ended June 30, 1937, the Fund for Replacement of Equipment, heretofore maintained by the Brooklyn and Queens Transit Corporation, was discontinued and the securities and cash included in that fund were returned to the treasury of the company. The corresponding Reserve for Replacement of Equipment is still maintained on the books and in the balance sheet it is included as part of the Reserve for Accrued Amortization of Capital. Also, during the year an amount of \$2,000,000.00 was transferred from the General and Contingent reserve to the Reserve for Accrued Amortization of Capital representing accrued depreciation of way and structures of Brooklyn and Queens Transit Corporation at the date of organization of that company. There was charged to the General and Contingent reserve a net amount of \$399,391.59, representing retirements of equipment abandoned at organization and dismantled during the year.

**BROOKLYN AND QUEENS TRANSIT CORPORATION  
AND SUBSIDIARY COMPANIES**  
**COMPARATIVE STATEMENT OF CONSOLIDATED INCOME**  
**TWO YEARS ENDED JUNE 30, 1937**

	Year Ended June 30, 1937	Year Ended June 30, 1936
<b>REVENUE FROM TRANSPORTATION:</b>		
Passenger Revenue other than Brooklyn Bus Corporation.....	\$16,886,704.00	\$16,737,048.38
Passenger Revenue, Brooklyn Bus Corporation.....	3,785,864.09	3,519,571.28
Freight Revenue.....	314,536.55	288,382.76
<b>TOTAL REVENUE FROM TRANSPORTATION.....</b>	<b>20,987,104.64</b>	<b>20,545,002.42</b>
<b>OTHER OPERATING REVENUES:</b>		
Advertising and Other Privileges.....	70,883.86	59,861.83
Rent of Land, Buildings, etc.....	154,679.77	139,046.37
Rent of Equipment.....	65,487.19	74,568.88
Rent of Tracks and Terminals.....	26,491.65	27,168.25
Sale of Power.....	633.00	898.30
Miscellaneous Revenue.....	7,024.37	7,716.97
<b>TOTAL OPERATING REVENUES.....</b>	<b>21,312,304.48</b>	<b>20,854,263.02</b>
<b>OPERATING EXPENSES:</b>		
Maintenance of Way and Structures.....	1,005,811.45	1,030,256.14
Depreciation of Way and Structures.....	510,000.00	510,000.00
Maintenance of Equipment.....	2,138,766.23	2,036,120.32
Depreciation of Equipment.....	940,711.79(A)	880,939.56
Purchased Power, etc.....	2,495,492.37	2,439,876.35
Operation of Cars.....	7,036,971.45	6,778,182.10
Injuries to Persons and Property.....	1,939,063.29	1,865,859.87
Traffic Expenses.....	6,031.31	1,553.14
General and Miscellaneous Expenses.....	873,794.66	845,777.38
Freight Expenses.....	194,756.33	199,002.30
<b>TOTAL OPERATING EXPENSES.....</b>	<b>17,141,398.88</b>	<b>16,587,567.16</b>
<b>NET REVENUE FROM OPERATIONS.....</b>	<b>4,170,905.60</b>	<b>4,266,695.86</b>
<b>TAXES ASSIGNABLE TO OPERATIONS (B).....</b>	<b>2,186,006.74</b>	<b>1,756,179.56</b>
<b>OPERATING INCOME.....</b>	<b>1,984,898.86</b>	<b>2,510,516.30</b>
<b>NON-OPERATING INCOME.....</b>	<b>205,658.61</b>	<b>180,982.92</b>
<b>GROSS INCOME.....</b>	<b>2,190,557.47</b>	<b>2,691,499.22</b>
<b>INCOME DEDUCTIONS:</b>		
Interest Deductions (C).....	1,451,732.18	1,419,376.41
LESS: Interest charged to Fixed Capital.....	26,909.16	26,875.00
	1,424,823.02	1,392,501.41
Rent Deductions.....	42,509.19	36,073.35
Amortization and other Deductions from Income..	77,394.14	66,797.56
<b>TOTAL INCOME DEDUCTIONS.....</b>	<b>1,544,726.35</b>	<b>1,495,372.32</b>
<b>CURRENT INCOME CARRIED TO SURPLUS (C).....</b>	<b>\$645,831.12</b>	<b>\$1,196,126.90</b>

(A) As of January 1, 1937, the depreciation rates on buses of Brooklyn Bus Corporation were reduced to a basis which resulted in a reduction in the depreciation charges for the six months ended June 30, 1937, of approximately \$53,000.00.

(B) Taxes assignable to operations include provision for United States income and undistributed profits taxes, as follows:

	1937	1936
Income Tax.....	\$65,400.00	\$103,500.00
Undistributed Profits Tax.....	None	None

(C) As of June 30, 1937, an additional reserve of \$850,000.00 for contingent tax liability was transferred from Surplus. Approximately \$80,000.00 of this amount represented interest which accrued during the year ended June 30, 1937.

**BROOKLYN AND QUEENS TRANSIT CORPORATION  
AND SUBSIDIARY COMPANIES**

**STATEMENT OF CONSOLIDATED EARNED SURPLUS  
YEAR ENDED JUNE 30, 1937**

BALANCE, JUNE 30, 1936.....	\$4,206,553.32
CURRENT INCOME, Year Ended June 30, 1937, as per Statement.....	645,831.12
(Note (C), Page 12)	
<b>TOTAL.....</b>	<b>\$4,852,384.44</b>
<b>CHARGES TO SURPLUS:</b>	
Settlements of disputed special franchise taxes of prior years.....	\$ 475,423.08
Additional provision for contingent tax liability on other disputed taxes of prior years (Note (C), Page 12)	850,000.00
	<u>\$1,325,423.08</u>
<b>LESS CREDITS TO SURPLUS:</b>	
Miscellaneous adjustments, Net.....	57,070.42
<b>NET CHARGES TO SURPLUS.....</b>	<b>1,268,352.66</b>
<b>BALANCE OF EARNED SURPLUS BEFORE DIVIDENDS.....</b>	<b>\$3,584,031.78</b>
DEDUCT DIVIDENDS ON \$6 CUMULATIVE PREFERRED STOCK OF BROOK- LYN AND QUEENS TRANSIT CORPORATION, \$2.25 per Share.....	637,312.50
<b>BALANCE, JUNE 30, 1937.....</b>	<b>\$2,946,719.28(A)</b>

(A) Accumulated undeclared dividends on preferred stock of Brooklyn and Queens Transit Corporation amounted to \$2,690,875.00 on June 30, 1937, or \$9.50 per share.

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## FUNDED DEBT—JUNE 30, 1937

	Maturity	Interest Rate	Outstanding	Inter-Company Holdings	In the Hands of Public
BROOKLYN AND QUEENS TRANSIT CORPORATION:					
Brooklyn and Queens Transit Corporation:					
Five Year Notes.....	(a) 11/1/40	3½%	\$ 3,000,000.00	.....	\$ 3,000,000.00
Contract—Pullman Incorporated.....	(b)	6%	13,200.00	.....	13,200.00
Brooklyn, Queens County and Suburban Railroad Company:					
First Mortgage.....	7/1/41	5%	1,409,000.00	.....	1,409,000.00
First Consolidated Mortgage.....	7/1/41	5%	2,703,000.00	.....	2,703,000.00
The Brooklyn City Rail Road Company:					
First Consolidated Mortgage.....	7/1/41	5%	6,000,000.00	.....	6,000,000.00
Refunding Mortgage.....	8/1/56	4%	400,000.00	(a) \$ 400,000.00	.....
Brooklyn City and Newtown Railroad Company:					
Consolidated First Mortgage.....	7/1/39	5%	1,995,000.00	(a) 27,000.00	1,968,000.00
The Coney Island and Brooklyn Rail Road Company:					
First Consolidated Mortgage.....	7/1/48	4%	1,999,000.00	(a) 97,000.00	1,902,000.00
Consolidated Mortgage.....	(c) 1/1/40	5%	1,500,000.00	.....	1,500,000.00
Nassau Electric Railroad Company:					
First Mortgage.....	4/1/44	5%	660,000.00	.....	660,000.00
First Consolidated Mortgage.....	1/1/51	4%	13,986,000.00	(a) (g) 3,684,000.00	10,302,000.00
			<u>\$33,665,200.00</u>	<u>\$4,208,000.00</u>	<u>\$29,457,200.00</u>
BROOKLYN BUS CORPORATION:					
Conditional Sale Agreement—Mack-International Motor Truck Corporation	(d)	5%	<u>\$62,752.50</u>	.....	<u>\$62,752.50</u>



B. AND Q. SERVICE COMPANY, INC.

Car Lease Warrants.....	(e)	5%	585,000.00	.....	585,000.00
Equipment Trust Notes, Series A.....	(f)	Various	1,350,000.00	.....	1,350,000.00
			<u>1,935,000.00</u>	<u>.....</u>	<u>1,935,000.00</u>
TOTAL.....			<u>\$35,662,952.50</u>	<u>\$4,208,000.00</u>	<u>\$31,454,952.50</u>

- (a) Pledged under Brooklyn and Queens Transit Corporation 3½% Notes:
- |   |               |
|---|---------------|
| The Brooklyn City Rail Road Company Refunding 4's.....                      | \$ 400,000.00 |
| Brooklyn City and Newtown Railroad Company Consolidated First 5's           | 27,000.00     |
| The Coney Island and Brooklyn Rail Road Company First Consolidated 4's..... | 97,000.00     |
| Nassau Electric Railroad Company First Consolidated 4's.....                | 2,523,000.00  |
| South Brooklyn Railway Company Capital Stock.....                           | 5000 Shares   |
- (b) Payable in semi-annual installments of \$6,600.00.
- (c) Bonds issued under Consolidated Mortgage of The Coney Island and Brooklyn Rail Road Company bear the name of Brooklyn and Queens Transit Corporation as obligor, this company being the successor to The Coney Island and Brooklyn Rail Road Company.

- (d) Payable in semi-annual installments of \$12,550.50.
- (e) Payable in annual installments of principal of \$130,000.00 each and semi-annual installments of interest.
- (f) Payable in annual installments of \$150,000.00.
- (g) Deposited with Trustee of Nassau Electric Railroad Company First Consolidated Mortgage \$1,161,000.00.



**NINTH  
ANNUAL REPORT**

**OF**

**Brooklyn and Queens  
Transit Corporation**

**FOR THE**

**Year Ended June 30, 1938**

# Brooklyn and Queens Transit Corporation

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## DIRECTORS

FRANK BAILEY	GEORGE V. McLAUGHLIN
ARTHUR H. BUNKER	WILLIAM S. MENDEN
IRVING T. BUSH	BENJAMIN H. NAMM
*THOMAS L. CHADBOURNE	H. HOBART PORTER
GERHARD M. DAHL	WILLIAM T. ROSSELL
HARVEY D. GIBSON	CHARLES S. SARGENT
WILLIAM C. LANGLEY	HERBERT BAYARD SWOPE
EDWIN P. MAYNARD	GEORGE D. YEOMANS

## EXECUTIVE COMMITTEE

ARTHUR H. BUNKER	GEORGE V. McLAUGHLIN
*THOMAS L. CHADBOURNE	WILLIAM S. MENDEN
GERHARD M. DAHL	BENJAMIN H. NAMM
WILLIAM C. LANGLEY	H. HOBART PORTER
EDWIN P. MAYNARD	HERBERT BAYARD SWOPE

## OFFICERS

Chairman of Board.....	GERHARD M. DAHL
President.....	WILLIAM S. MENDEN
Vice President and General Counsel.....	GEORGE D. YEOMANS
Vice President.....	WILLIAM T. ROSSELL
Vice President.....	GEORGE W. JONES
Secretary and Treasurer.....	FRED C. MARSTON
Comptroller.....	JAMES ADDISON

\* Deceased



# NINTH ANNUAL REPORT

## OF

### Brooklyn and Queens Transit Corporation

385 Flatbush Avenue Extension,  
Brooklyn, New York,  
August 26, 1938.

#### TO THE STOCKHOLDERS:

The annual report showing the financial condition of your Corporation on June 30, 1938, and the results of its operations for the year ended on that date, is as follows:

#### CONSOLIDATED RESULTS

The following is a condensed consolidated statement of operations of your Corporation and its subsidiaries for the fiscal year ended June 30, 1938, and for the preceding fiscal year:

	1938	1937
Operating Revenues .....	\$20,735,641.67	\$21,312,304.48
Operating Expenses, including Maintenance and Depreciation.....	17,116,636.32	17,141,398.88
Net Operating Revenues.....	3,619,005.35	4,170,905.60
Taxes .....	2,335,347.81	2,186,006.74
Operating Income .....	1,283,657.54	1,984,898.86
Non-Operating Income .....	180,561.62	205,658.61
Gross Income .....	1,464,219.16	2,190,557.47
Income Deductions—Interest, Amortization, Rentals, etc.....	1,629,115.73	1,544,726.35
Current Income Carried to Surplus.....	\$164,896.57*	645,831.12

\* Loss

#### REVENUES, OPERATING COSTS AND TAXES

In the condensed consolidated statement of operations, above, it may be observed that the total operating revenues

for the fiscal year 1938 were \$576,662.81 less than in 1937, and the total operating expenses in 1938 were \$24,762.56 less than in 1937. The decrease in operating expenses was due to a decrease of \$131,742.79 in damage costs (injuries to persons and property) and a decrease of \$24,569.24 in power costs, as compared with the fiscal year 1937. Payroll costs for the fiscal year 1938 were \$160,245.45 more than in the preceding fiscal year, reflecting the 3% increase in wages made effective on April 4, 1937, a 5% increase on October 31, 1937 and another 5% increase on January 30, 1938, together with an allowance of one week's vacation with pay, effective May 1, 1937, to employees who did not formerly receive vacations and a second week's vacation with pay to employees in service five years on May 1, 1938, these vacation allowances representing an increase of approximately 4% in wage costs.

During the past few years the percentage of revenues required for taxes has constantly increased and in the fiscal year 1938 the sum of \$2,335,347.81 was required to be paid or accrued for taxes of the System, an increase of \$149,341.07 or 6.83% over the preceding fiscal year. The ratio of taxes to total payrolls for the fiscal year 1938 was 25.73% as compared with 24.52% in the preceding fiscal year and the ratio to total operating revenues was 11.26% as compared with 5.9% for the fiscal year 1930.

#### **TAX LIENS**

Early in May of this year announcement was made that on August 5, 1938, the City of New York would sell tax liens amounting to \$1,383,496.54 against predecessor companies of the Brooklyn and Queens Transit System. The greater part of the taxes in question are special franchise taxes for the years 1916 to 1923. There are no special franchise taxes for any year subsequent to 1923 which remain unpaid.

All of these taxes in controversy have been in litigation for many years and the attempt of the City to anticipate the determination of the issues by the Court and proceed with the tax lien sales was, to say the least, most irregular. Your Corporation instituted suit to enjoin the sale. The City thereafter notified your Corporation that it was withdrawing from the sale \$61,939.38 of paving charges, \$78,070.44 of the real estate taxes and \$169,412.69 of the special franchise taxes, which had been improperly included. The Supreme Court granted temporary injunctions as to the items

improperly included by the City and issued orders staying the sales as to other items, pending determination of the motions for temporary injunction. The total amount of the tax lien sales enjoined or stayed by the Court was \$876,547.36, or approximately two-thirds of the total. As a result of these proceedings the City withdrew entirely the tax lien sales advertised for August 5th and is now advertising anew with a revised catalogue of alleged liens.

Trial of the certiorari proceedings contesting the 1917 special franchise taxes commenced on May 25, 1938 before an official referee of the Supreme Court. If the contentions of your Corporation in the proceedings now being tried and in similar proceedings contesting the special franchise taxes for other years are sustained, very little, if any, additional taxes will be payable to the City.

### TRAFFIC

The total number of fare passengers carried on all lines of the Brooklyn and Queens Transit System, including the Brooklyn Bus Corporation, was as follows:

	1938	1937	Change
Trolley Lines . . . .	341,103,441	352,234,106	—3.16%
Bus Lines . . . . .	79,471,050	78,617,085	+ 1.09%
Total	420,574,491	430,851,191	—2.39%

The decrease in trolley traffic was due in part to the diversion of traffic from the street car lines in Central Brooklyn and the Eastern District to the Crosstown Subway Line of the Independent Subway System which was opened on July 1, 1937.

The total car miles operated on trolley lines in the fiscal year 1938 was 46,659,284, a decrease of 1,718,915 car miles or 3.55% compared with the preceding fiscal year.

### BUS ROUTES

Passenger traffic on the bus routes operated by the Brooklyn Bus Corporation increased 1.09% in the fiscal year 1938, as compared with the fiscal year 1937. The total number of fare passengers carried on the bus routes in the fiscal year 1938 was 79,471,050, as compared with 78,617,085 in the fiscal year 1937. The total number of bus miles operated in



the fiscal year 1938 was 11,718,498, a decrease of 301,676 bus miles or 2.51% below the preceding year.

During the fiscal year 1938, permission was obtained from the Marine Parkway Authority to extend one of the bus routes of the Brooklyn Bus Corporation across the Marine Parkway Bridge to Riis Park in Rockaway and operation of this extension of 2.1 miles was begun on July 3, 1937. With the approval of the Board of Estimate and the Transit Commission, seven of the authorized bus routes were combined into four routes on May 1, 1938, so that since that date the total number of routes operated is eighteen instead of twenty-one.

Orders were placed on May 11, 1938 for 75 new buses to replace an equal number of buses purchased in 1931. Delivery of the new buses began on July 28, 1938 and will be completed about September 15th, 1938. Payment for these buses is to be made monthly at the rate of \$10,000 per month. The savings in operating costs of the new buses as compared with the old ones they replace are estimated to exceed the cost of the new buses.

### **FREIGHT REVENUE**

The freight revenue of South Brooklyn Railway Company in the fiscal year 1938 was \$251,576.96, a decrease of \$62,959.59 or 20% from the preceding year. This decrease in freight handled was due to the general business recession.

### **TRACK RECONSTRUCTION**

During the fiscal year 1938, a total of 20.5 miles of surface track were rebuilt, of which 8.6 miles were completely reconstructed. On 3.3 miles of track, the new type of construction, consisting of grooved rail 4 1/2 inches high imbedded in a reinforced concrete roadbed without wooden ties, was used. In the fiscal year 1937, 27.5 miles of surface track were rebuilt, of which 15.9 miles were completely reconstructed.

### **NEW STREET CARS**

The operating results of the 100 Modern Street Cars placed in operation in Brooklyn beginning October 1, 1936, both from the point of view of increased traffic attracted to the lines on which these cars operate and from the point of view of reduced costs of operation and maintenance have been



such as to make it seem desirable to acquire additional cars of this type, so that additional lines might be completely equipped with them and the program of modernizing the street car system in Brooklyn be further advanced.

### FUNDED DEBT RETIRED

Funded Debt of Brooklyn and Queens Transit System was reduced during fiscal year 1938 by payments, as follows:

#### BROOKLYN AND QUEENS TRANSIT CORPORATION:

Contract—Pullman Incorporated .....	\$ 13,200.00
-------------------------------------	--------------

#### B. AND Q. SERVICE COMPANY, INC.:

Car Lease Warrants.....	\$156,000.00	
Equipment Trust Notes, Series A.....	150,000.00	306,000.00

#### BROOKLYN BUS CORPORATION:

Conditional Sales Agreement—Mack-International Motor Truck Corporation.....	25,101.00
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\$344,301.00

In addition to the above, South Brooklyn Railway Company reduced its real estate mortgage payable by the sum of \$12,500.00.

A condensed consolidated balance sheet, a comparative statement of consolidated income and a statement of consolidated earned surplus are appended to this report.

Respectfully submitted,

GERHARD M. DAHL,

*Chairman.*

**Brooklyn and Queens Transit Corporation  
and Subsidiary Companies**

**Condensed Consolidated Balance Sheet**

**Comparative Statement of Consolidated Income**

**Statement of Consolidated Earned Surplus**

**NILES & NILES**  
**Certified Public Accountants**  
**165 BROADWAY, NEW YORK**

CERTIFICATE OF ACCOUNTANTS

To the Board of Directors  
of the BROOKLYN AND QUEENS TRANSIT CORPORATION :

We have made an examination of the consolidated balance sheet of the Brooklyn and Queens Transit Corporation and its subsidiary companies as at June 30, 1938, and of the statements of consolidated income and surplus of those companies for the year ended June 30, 1938. In connection therewith, while we did not make a detailed audit of the transactions, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies. We also made a general review of the accounting methods and of the operating and income accounts for the year.

The amounts reserved for depreciation and amortization through charges to current income have been determined by methods consistent with those of prior years, except for a reduction in the rates for buses as noted on the statement of consolidated income. The amounts are determined by the officials of the companies based on the condition and efficiency of the properties and on prospective retirements.

In the consolidated balance sheet, funded debt due within one year is shown as part of the funded debt because it is payable largely from sources not yet represented in Current Assets. In its annual report on Form 10-K under the Securities Exchange Act of 1934, the company is required to include this amount in Current Liabilities.

In our opinion, based upon our examination and subject to the foregoing comments, the accompanying consolidated balance sheet and related statements of income and surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the consolidated position of the Brooklyn and Queens Transit Corporation and its subsidiary companies as at June 30, 1938, and the combined results of their operations for the year ended on that date.

NILES & NILES,  
*Certified Public Accountants.*

New York, August 26, 1938.

**BROOKLYN AND QUEENS TRANSIT CORPORATION  
AND SUBSIDIARY COMPANIES**

**CONDENSED CONSOLIDATED BALANCE SHEET — JUNE 30, 1938**

**ASSETS**

ROAD AND EQUIPMENT, AT COST.....		\$108,820,807.37
CURRENT ASSETS:		
Cash .....	\$ 694,578.13	
Coupon Deposit .....	567,884.00	
Dividend Deposit .....	3,633.92	
Securities, at Cost (quoted value \$44,608.00)....	44,939.38	
Accounts Receivable .....	\$173,073.59	
Less: Reserve for Doubtful A/cs... 38,334.63	134,738.96	
Interest Receivable .....	14,805.39	
Due from Associated Companies.....	22,303.42	
Materials and Supplies, at Cost.....	1,288,458.75	2,771,341.95
MISCELLANEOUS INVESTMENTS AND ACCOUNTS NOT CURRENTLY RECEIVABLE, LESS RESERVE.....		211,320.55
SPECIAL DEPOSITS OF SECURITIES (AT COST) AND CASH:		
City of New York re Franchises:		
City of New York Corporate Stock and Cash..	158,769.84	
State Industrial Commission:		
City of New York and United States Securities.	760,554.91	
Other Special Deposits of Securities and Cash...	14,232.40	933,557.15
DEFERRED CHARGES:		
Prepaid Accounts (Interest, Taxes, Insurance, etc.) .....	127,889.68	
Unamortized Debt Discount and Expense.....	30,179.33	
Unamortized Leasehold Improvements (Bus) and Miscellaneous Items in Suspense.....	403,549.82	561,618.83
TOTAL .....		<u>\$113,298,645.85</u>



# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1938

### CAPITAL STOCK, LIABILITIES AND SURPLUS

CAPITAL STOCK—No PAR VALUE:

Brooklyn and Queens Transit Corporation:

	SHARES		
	Authorized	Issued and Outstanding	
Preferred, \$6.00 Cum. (Note 1)	283,250	283,250	\$28,325,000.00
Common .....	820,000	800,000	<u>18,800,000.00</u> \$ 47,125,000.00
FUNDED DEBT, as per Schedule (Pages 14-15) .....			31,110,651.50
(Payable within one year, \$ 324,601.00)			
(Payable July 1, 1939, 1,968,000.00)			
REAL ESTATE MORTGAGE (Payable on Demand) .....			50,000.00
CERTIFICATES OF INDEBTEDNESS TO ASSOCIATED COMPANIES .....			699,712.48
CURRENT LIABILITIES: (Note 3)			
Accounts Payable .....		740,124.32	
Dividends Payable .....		3,633.92	
Tax Accruals .....		227,570.85	
Interest Accrued on Funded Debt .....		583,486.02	
Other Interest Accrued .....		1,031.25	
Damages, Tort Claims and Judgments .....		41,718.56	
Due to Associated Companies .....		<u>332,041.74</u>	1,929,606.66
RESERVES: (Note 3)			
General and Contingent (Note 2) .....		14,097,183.99	
Amortization of Capital .....		8,620,930.50	
Damages .....		3,343,568.11	
Contingent Tax Liability .....		1,887,078.43	
Other Reserves .....		149,097.15	
Unadjusted Credits .....		<u>36,299.48</u>	28,134,157.66
CAPITAL SURPLUS .....		<u>2,537,098.85</u>	
LESS: Amount eliminated in consolidation .....		<u>1,071,526.49</u>	1,465,572.36
EARNED SURPLUS as per Statement (Note 1) .....			<u>2,783,945.19</u>
TOTAL .....			<u>\$113,298,645.85</u>

NOTE 1—Accumulated undeclared dividends on preferred stock of Brooklyn and Queens Transit Corporation on June 30, 1938, amounted to \$4,390,375.00, or \$15.50 per share.

NOTE 2—During the year ended June 30, 1938, there was charged to the General and Contingent reserve an amount of \$862,312.88 representing retirements of equipment dismantled during the year, for which provision had been made at organization.

NOTE 3—The liabilities and reserves shown in the consolidated balance sheet do not include the following:

Contractual liability of Brooklyn Bus Corporation, amounting to \$670,500.00, for the purchase of buses to be delivered within the next fiscal year.

Possible excess of liability for taxes over provision therefor. Until the income tax returns have been finally approved by the Treasury Department and until pending lawsuits relating to special franchise taxes, real estate taxes and gross receipts taxes are finally decided, it cannot be determined whether the provisions are adequate or excessive.

Other possible liabilities contingent on future happenings, including liabilities that may arise under the Securities Exchange Act of 1934, or the Securities Act of 1933, as amended, not subject to estimate.

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## COMPARATIVE STATEMENT OF CONSOLIDATED INCOME TWO YEARS ENDED JUNE 30, 1938

	Year Ended June 30, 1938	Year Ended June 30, 1937
<b>REVENUE FROM TRANSPORTATION:</b>		
Passenger Revenue other than Brooklyn Bus Corporation .....	\$16,349,643.52	\$16,886,704.00
Passenger Revenue, Brooklyn Bus Corporation...	3,825,497.66	3,785,864.09
Freight Revenue .....	251,576.96	314,536.55
<b>TOTAL REVENUE FROM TRANSPORTATION....</b>	<b>20,426,718.14</b>	<b>20,987,104.64</b>
<b>OTHER OPERATING REVENUES:</b>		
Advertising and Other Privileges.....	65,951.52	70,883.86
Rent of Land, Buildings, etc.....	154,416.23	154,679.77
Rent of Equipment.....	52,037.87	65,487.19
Rent of Tracks and Terminals.....	26,246.40	26,491.65
Sale of Power.....	.....	633.00
Miscellaneous Revenue .....	10,271.51	7,024.37
<b>TOTAL OPERATING REVENUES.....</b>	<b>20,735,641.67</b>	<b>21,312,304.48</b>
<b>OPERATING EXPENSES:</b>		
Maintenance of Way and Structures.....	1,006,632.92	1,005,811.45
Depreciation of Way and Structures.....	510,000.00	510,000.00
Maintenance of Equipment.....	2,214,752.57	2,138,766.23
Depreciation of Equipment (Note 1).....	879,958.45	940,711.79
Purchased Power, etc.....	2,470,923.13	2,495,492.37
Operation of Cars.....	7,141,033.06	7,036,971.45
Injuries to Persons and Property.....	1,807,320.50	1,939,063.29
Traffic Expenses .....	1,152.84	6,031.31
General and Miscellaneous Expenses.....	902,144.32	873,794.66
Freight Expenses .....	182,718.53	194,756.33
<b>TOTAL OPERATING EXPENSES.....</b>	<b>17,116,636.32</b>	<b>17,141,398.88</b>
<b>NET REVENUE FROM OPERATIONS.....</b>	<b>3,619,005.35</b>	<b>4,170,905.60</b>
<b>TAXES ASSIGNABLE TO OPERATIONS (Note 2).....</b>	<b>2,335,347.81</b>	<b>2,186,006.74</b>
<b>OPERATING INCOME .....</b>	<b>1,283,657.54</b>	<b>1,984,898.86</b>
<b>NON-OPERATING INCOME .....</b>	<b>180,561.62</b>	<b>205,658.61</b>
<b>GROSS INCOME .....</b>	<b>1,464,219.16</b>	<b>2,190,557.47</b>
<b>INCOME DEDUCTIONS:</b>		
Interest Deductions (Note 3).....	1,515,585.97	1,451,732.18
Less: Interest charged to Fixed Capital.....	.....	26,909.16
	1,515,585.97	1,424,823.02
Rent Deductions .....	35,589.74	42,509.19
Amortization and Other Deductions from Income	77,940.02	77,394.14
<b>TOTAL INCOME DEDUCTIONS.....</b>	<b>1,629,115.73</b>	<b>1,544,726.35</b>
<b>CURRENT INCOME CARRIED TO SURPLUS.....</b>	<b>\$164,896.57*</b>	<b>\$645,831.12</b>

\* Loss

NOTE 1—As of January 1, 1937, the depreciation rates on buses of Brooklyn Bus Corporation were reduced to a basis which resulted in a reduction in the depreciation charges for the six months ended June 30, 1937, of approximately \$58,000.00.

NOTE 2—Taxes assignable to operations include provision for United States income, excess profits and undistributed profits taxes, as follows:

	1938	1937
Income Tax .....	None	\$64,400.00
Excess Profits Tax.....	None	1,000.00
Undistributed Profits Tax.....	None	None

NOTE 3—For the year ended June 30, 1938, interest deductions include interest on taxes in litigation, amounting to \$72,241.80. For the preceding year, the corresponding amount was charged to Surplus.

**BROOKLYN AND QUEENS TRANSIT CORPORATION  
AND SUBSIDIARY COMPANIES**

**STATEMENT OF CONSOLIDATED EARNED SURPLUS  
YEAR ENDED JUNE 30, 1938**

BALANCE, JUNE 30, 1937.....	\$2,946,719.28
Loss for Year Ended June 30, 1938, as per Statement.....	164,896.57
	<hr/>
TOTAL .....	2,781,822.71
CREDITS TO SURPLUS:	
Miscellaneous Adjustments, Net.....	2,122.48
	<hr/>
BALANCE, JUNE 30, 1938.....	\$2,783,945.19(1)

(1) Accumulated undeclared dividends on preferred stock of Brooklyn and Queens Transit Corporation on June 30, 1938, amounted to \$4,390,375.00, or \$15.50 per share.



# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## FUNDED DEBT—June 30, 1938

	Maturity	Interest Rate	Outstanding	Inter-Company Holdings	In the Hands of Public
BROOKLYN AND QUEENS TRANSIT CORPORATION:					
Brooklyn and Queens Transit Corporation:					
Five Year Notes.....(a)	11/1/40	3½%	\$ 3,000,000.00	.....	\$ 3,000,000.00
Brooklyn, Queens County and Suburban Railroad Company:					
First Mortgage .....	7/1/41	5%	1,409,000.00	.....	1,409,000.00
First Consolidated Mortgage.....	7/1/41	5%	2,703,000.00	.....	2,703,000.00
The Brooklyn City Rail Road Company:					
First Consolidated Mortgage.....	7/1/41	5%	6,000,000.00	.....	6,000,000.00
Refunding Mortgage .....	8/1/56	4%	400,000.00	(a) \$ 400,000.00	.....
Brooklyn City and Newtown Railroad Company:					
Consolidated First Mortgage.....	7/1/39	5%	1,995,000.00	(a) 27,000.00	1,968,000.00
The Coney Island and Brooklyn Rail Road Company:					
First Consolidated Mortgage.....	7/1/48	4%	1,999,000.00	(a) 97,000.00	1,902,000.00
Consolidated Mortgage .....	1/1/40	5%	1,500,000.00	.....	1,500,000.00
Nassau Electric Railroad Company:					
First Mortgage .....	4/1/44	5%	660,000.00	.....	660,000.00
First Consolidated Mortgage.....	1/1/51	4%	13,986,000.00	(a) (f) 3,684,000.00	10,302,000.00
			<u>33,652,000.00</u>	<u>4,208,000.00</u>	<u>29,444,000.00</u>
BROOKLYN BUS CORPORATION:					
Conditional Sales Agreement—Mack-International Motor Truck Corporation .....	(c)	5%	37,651.50	.....	37,651.50



B. AND Q. SERVICE COMPANY, INC.:

Car Lease Warrants (including interest—\$39,000.00).....  
Equipment Trust Notes, Series A.....

TOTAL .....

(d)	5%	429,000.00	.....	429,000.00
(e)	Various	1,200,000.00	.....	1,200,000.00
		<u>1,629,000.00</u>	<u>.....</u>	<u>1,629,000.00</u>
		<u>\$35,318,651.50</u>	<u>\$4,208,000.00</u>	<u>\$31,110,651.50</u>

(a) Pledged under Brooklyn and Queens Transit Corporation 3½% Notes:

The Brooklyn City Rail Road Company Refunding 4's.....\$ 400,000.00  
Brooklyn City and Newtown Railroad Company Consolidated First 5's 27,000.00  
The Coney Island and Brooklyn Rail Road Company First Consolidated 4's ..... 97,000.00  
Nassau Electric Railroad Company First Consolidated 4's..... 2,523,000.00  
South Brooklyn Railway Company Capital Stock.....5,000 Shares

(b) Bonds issued under Consolidated Mortgage of The Coney Island and Brooklyn Rail Road Company bear the name of Brooklyn and Queens Transit Corporation as obligor, this company being the successor to The Coney Island and Brooklyn Rail Road Company.

(c) Payable in semi-annual installments of \$12,550.50.

(d) Payable in annual installments of principal of \$130,000.00 each and semi-annual installments of interest.

(e) Payable in annual installments of \$150,000.00.

(f) Deposited with Trustee of Nassau Electric Railroad Company First Consolidated Mortgage, \$1,161,000.00.









**TENTH  
ANNUAL REPORT**

**OF**

**Brooklyn and Queens  
Transit Corporation**

**FOR THE**

**Year Ended June 30, 1939**

# Brooklyn and Queens Transit Corporation

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## DIRECTORS

FRANK BAILEY	GEORGE V. McLAUGHLIN
ARTHUR H. BUNKER	WILLIAM S. MENDEN
IRVING T. BUSH	BENJAMIN H. NAMM
GERHARD M. DAHL	H. HOBART PORTER
HARVEY D. GIBSON	WILLIAM T. ROSSELL
WILLIAM C. LANGLEY	CHARLES S. SARGENT
FRED C. MARSTON	HERBERT BAYARD SWOPE
EDWIN P. MAYNARD	*GEORGE D. YEOMANS

## EXECUTIVE COMMITTEE

ARTHUR H. BUNKER	GEORGE V. McLAUGHLIN
GERHARD M. DAHL	WILLIAM S. MENDEN
HARVEY D. GIBSON	BENJAMIN H. NAMM
WILLIAM C. LANGLEY	H. HOBART PORTER
EDWIN P. MAYNARD	HERBERT BAYARD SWOPE

## OFFICERS

<i>Chairman of Board</i>	GERHARD M. DAHL
<i>President</i>	WILLIAM S. MENDEN
<i>Vice-President</i>	WILLIAM T. ROSSELL
<i>Vice-President</i>	GEORGE W. JONES
<i>Secretary and Treasurer</i>	FRED C. MARSTON
<i>General Counsel</i>	W. HARRY SEFTON
<i>Comptroller</i>	JAMES ADDISON

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\*Deceased.

# TENTH ANNUAL REPORT

OF

## Brooklyn and Queens Transit Corporation

385 Flatbush Avenue Extension,  
Brooklyn, New York,  
August 31, 1939.

To the Stockholders:

The annual report showing the financial condition of your Corporation on June 30, 1939, and the results of its operations for the year ended on that date, is as follows:

### CONSOLIDATED RESULTS

The following is a condensed consolidated statement of operations of your Corporation and its subsidiaries for the fiscal year ended June 30, 1939, and for the preceding fiscal year:

	1939	1938
Operating Revenues.....	\$20,738,088.66	\$20,735,641.67
Operating Expenses, including Maintenance and Depreciation.....	16,913,493.43	17,116,636.32
Net Operating Revenues.....	3,824,595.23	3,619,005.35
Taxes.....	2,384,230.98	2,335,347.81
Operating Income.....	1,440,364.25	1,283,657.54
Non-Operating Income.....	170,010.75	180,561.62
Gross Income.....	1,610,375.00	1,464,219.16
Income Deductions—Interest, Amortization, Rentals, etc.....	1,610,326.73	1,629,115.73
Current Income Carried to Surplus.....	\$ 48.27	\$ 164,896.57*

\*Loss.

### REVENUES, OPERATING COSTS AND TAXES

As shown by the foregoing consolidated statement of operations, the total operating revenues for the fiscal year 1939 were \$2,446.99 more than in 1938, and the total operating expenses in 1939 were \$203,142.89 less than in 1938. There was a decrease of \$174,834.13 in accruals for damage costs (injuries to persons and property) and a decrease of \$59,857.45 in power costs, as compared with the fiscal year 1938. Payroll costs for the fiscal year 1939 were \$211,995.64 more than for the preceding fiscal year.



During the past few years the percentage of revenue required for taxes has constantly increased. In the fiscal year 1939 the sum of \$2,384,230.98 was required to be paid or accrued for taxes of the System, an increase of \$48,883.17 or 2.09% over the preceding fiscal year. The ratio of taxes to total operating revenues for the fiscal year 1939 was 11.5% as compared with 11.26% for the preceding fiscal year and 5.9% for the fiscal year 1930.

### TAX LIENS

Reference was made in last year's Annual Report to the announcement made in May 1938 that the City of New York would sell tax liens amounting to \$1,383,496.54 against predecessor companies of the Brooklyn and Queens Transit System, the greater part of these taxes in question being the special franchise taxes for the years 1916 to 1923, which had been in litigation for many years.

We are pleased to state that on June 30, 1939 a settlement was made with the City under which \$392,000.00 was paid to and accepted by the City in full satisfaction and discharge not only of all the taxes the liens of which the City had proposed to sell, but all taxes and assessments of every nature and description accruing prior to July 1, 1938, and all penalties and interest thereon. The result is that the threat of a tax sale is removed and all the companies of the Brooklyn and Queens Transit System now have a clean slate so far as City taxes and assessments are concerned, including not only taxes and assessments which are liens on real estate, but also all emergency taxes, except for a few small items accruing since June 30, 1938.

The BMT-BQT Unification Plan provides in the event of settlement of these tax claims prior to the date of consummation of unification, that \$154,500.00 principal amount (market value \$161,990.00) of New York City corporate stock and \$10,200.00 cash on deposit with the City and enumerated among the properties to be acquired by the City under the Plan shall be released to the companies of the Brooklyn and Queens Transit System as part of the Retained Assets under the Plan.

### TRAFFIC

The total number of fare passengers carried on all lines of the Brooklyn and Queens Transit System, including the Brooklyn Bus Corporation, was as follows:

	1939	1938	Change
Trolley Lines.....	340,565,901	341,103,441	-0.16%
Bus Lines.....	80,168,414	79,471,050	+0.88%
Total.....	420,734,315	420,574,491	+0.04%



The total car miles operated on trolley lines in the fiscal year 1939 was 45,328,425, a decrease of 1,330,859 car miles or 2.85% compared with the preceding fiscal year.

### **BUS ROUTES**

Passenger traffic on the bus routes operated by the Brooklyn Bus Corporation increased 0.88% in the fiscal year 1939, as compared with the fiscal year 1938. The total number of fare passengers carried on the bus routes in the fiscal year 1939 was 80,168,414, as compared with 79,471,050 in the fiscal year 1938. The total number of bus miles operated in the fiscal year 1939 was 11,556,735, a decrease of 161,763 bus miles or 1.38% below the preceding year.

Continuing the policy of replacing the oldest buses of its fleet, an order was placed on January 31, 1939 for 75 new buses to replace an equal number of buses purchased in 1931. A similar number of buses was ordered in the fiscal year 1938. The first of the buses ordered in January 1939 were delivered on March 25, 1939 and the last on June 27, 1939. The cost of these buses, including interest, is to be paid in 72 monthly instalments of \$10,500.00 per month. The monthly savings in operating and maintenance costs resulting from the substitution of these new buses for the eight-year old units of the bus fleet are estimated to exceed the monthly payments for the new buses.

### **FREIGHT REVENUE**

The freight revenue of South Brooklyn Railway Company in the fiscal year 1939 was \$301,886.12, an increase of \$50,309.16 or 20% over the preceding year. This additional revenue was due to an increase in the tonnage handled for Brooklyn industries by the South Brooklyn Railway Company through its store-door delivery and collection service by truck, and also to an increase in the volume of building materials and roadway construction supplies, as compared with the preceding fiscal year.

### **TRACK RECONSTRUCTION**

During the fiscal year 1939, a total of 10.9 miles of surface track was rebuilt, of which 9.0 miles were completely reconstructed. On 2.7 miles of track, the new type of construction, consisting of grooved rail  $4\frac{1}{2}$  inches high imbedded in a reinforced concrete roadbed without wooden ties, was used. In the fiscal year 1938, 20.5 miles of surface track were rebuilt, of which 8.6 miles were completely reconstructed.

## FUNDED DEBT

Changes in the Funded Debt of Brooklyn and Queens Transit System during the fiscal year 1939 were as follows:

### BROOKLYN BUS CORPORATION:

Conditional Sales Agreements for purchase of 150 buses.....	\$1,389,000.00	
Less:		
Payments on Conditional Sales Agreements.....	130,601.00	\$1,258,399.00

### B. AND Q. SERVICE CO. INC.:

Payments on:		
Car Lease Warrants.....	\$ 149,500.00	
Equipment Trust Notes, Series A...	150,000.00	299,500.00
Net Increase.....		<u>\$ 958,899.00</u>

Under date of June 16, 1939, holders of the Brooklyn City and Newtown Railroad Company Five Per Cent. Consolidated First Mortgage Bonds due July 1, 1939 were notified that your Corporation had arranged with Bankers Trust Company, Trustee, for the payment of the six months' interest due on July 1st but that in view of the pendency of the BMT-BQT Unification Plan (which provides for the issuance to the holders of these bonds who elect to accept such Plan, of Corporate Stock of the City of New York or, at the option of the City, cash) it had been decided not to pay the principal of such bonds on July 1, 1939, but to continue to pay the interest on such bonds as and when due. In this connection, the Company relies also upon the New York Mortgage Moratorium Statute and upon the provisions of the mortgage securing the bonds. If the Unification Plan should not be consummated the Company will in due course take up with the holders of such bonds the matter of extending the date of their maturity.

## UNIFICATION PLAN AND AGREEMENT

On March 1, 1939 a tentative agreement was reached between the City of New York and the companies as to the general terms of a plan for the acquisition and unification under public ownership and control of the rapid transit and surface railroads and related power properties and omnibus lines of the B.-M.T. System. A proposed plan and agreement embodying the terms of the March 1st understanding was formulated by representatives of the City, the Transit Commission and your Corporation, and made the basis of public hearings before the Transit Commission during May and June. On June 27, 1939, the Transit

Commission formally adopted a Plan and Agreement and transmitted that Plan and Agreement to the Board of Estimate of the City of New York and to the companies for their respective approvals. The Plan was approved by the Board of Estimate at its meeting on June 29th and by the Boards of Directors of the companies on June 30th. The Plan and Agreement was formally signed by the Mayor and by the Comptroller of the City of New York and by the President of the Brooklyn-Manhattan Transit Corporation and the Brooklyn and Queens Transit Corporation on June 30th.

A special meeting of the stockholders of your Corporation was called for August 23, 1939, to act on said Plan and Agreement and complete information as to the Plan was transmitted to stockholders of record at the close of business on July 21, 1939. The special meeting was held on August 23rd but as the required two-thirds of the outstanding stock was not present, the meeting was adjourned until 11:00 A. M. on Wednesday, September 20, 1939.

A condensed consolidated balance sheet, a comparative statement of consolidated income and a statement of consolidated earned surplus are appended to this report.

Respectfully submitted,

GERHARD M. DAHL,  
*Chairman*



NILES & NILES  
Certified Public Accountants  
165 BROADWAY, NEW YORK

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CERTIFICATE OF ACCOUNTANTS

To the Board of Directors  
of the BROOKLYN AND QUEENS TRANSIT CORPORATION:

We have made an examination of the consolidated balance sheet of the Brooklyn and Queens Transit Corporation and its subsidiary companies as at June 30, 1939, and of the statements of consolidated income and surplus of those companies for the year ended June 30, 1939. In connection therewith, while we did not make a detailed audit of the transactions, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies. We also made a general review of the accounting methods and of the operating and income accounts for the year.

The amounts reserved for depreciation and amortization through charges to current income have been determined by methods consistent with those of prior years. The amounts are determined by the officials of the companies based on the condition and efficiency of the properties and on prospective retirements.

The amounts of funded debt payable within one year are shown in the descriptions of funded debt in the consolidated balance sheet. Such amounts are sometimes classified among current liabilities and are so classified in instructions for Form 10-K, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, on which the Company is required to file its annual report with the Commission.

In our opinion, based upon our examination and subject to the foregoing comments, the accompanying consolidated balance sheet and related statements of income and surplus fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the consolidated position of the Brooklyn and Queens Transit Corporation and its subsidiary companies as at June 30, 1939, and the combined results of their operations for the year ended on that date.

NILES & NILES,  
*Certified Public Accountants.*

New York, August 31, 1939.



**Brooklyn and Queens Transit Corporation  
and Subsidiary Companies**

**Condensed Consolidated Balance Sheet**

**Comparative Statement of Consolidated Income**

**Statement of Consolidated Earned Surplus**

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1939

## ASSETS

ROAD AND EQUIPMENT, AT COST.....		\$108,018,802.63
CURRENT ASSETS:		
Cash.....	\$1,321,511.48	
Coupon Deposit.....	566,994.00	
Dividend Deposit.....	3,417.87	
Securities, at Cost (quoted value \$46,735.25)....	44,939.38	
Accounts and Notes Receivable.....	\$198,363.69	
Less: Reserve for Doubtful A/cs..	58,743.94	139,619.75
Interest Receivable.....	13,574.51	
Due from Associated Companies.....	23,148.27	
Materials and Supplies, at Cost.....	1,078,850.24	3,192,055.50
MISCELLANEOUS INVESTMENTS AND ACCOUNTS NOT CURRENTLY RECEIVABLE, LESS RESERVE.....		179,142.95
SPECIAL DEPOSITS OF SECURITIES (AT COST) AND CASH:		
City of New York re Franchises:		
City of New York Corporate Stock and Cash..	158,769.84	
State Industrial Commission:		
City of New York and United States Securities.	816,173.66	
Other Special Deposits of Securities and Cash...	17,332.40	992,275.90
DEFERRED CHARGES:		
Prepaid Accounts (Interest, Taxes, Insurance, etc.).....	167,641.14	
Unamortized Debt Discount and Expense.....	24,244.18	
Work-in-Process, Unamortized Leasehold Im- provements (Bus) and Miscellaneous Items in Suspense.....	433,672.90	625,558.22
TOTAL.....		<u><u>\$113,007,835.20</u></u>

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1939

## CAPITAL STOCK, LIABILITIES AND SURPLUS

### CAPITAL STOCK—No PAR VALUE:

Brooklyn and Queens Transit Corporation:

	Shares			
	Authorized	Issued and Outstanding		
Preferred, \$6.00 Cum. (Note 1)	283,250	283,250	\$28,325,000.00	
Common.....	820,000	800,000	18,800,000.00	\$ 47,125,000.00
FUNDED DEBT, as per Schedule (Pages 14 and 15) .....				32,069,550.50
(Payable within one year, \$4,026,150.50)				
REAL ESTATE MORTGAGE (Payable on Demand) . . . .				50,000.00
CERTIFICATES OF INDEBTEDNESS TO ASSOCIATED COM- PANIES.....				699,712.48
CURRENT LIABILITIES: (Note 3)				
Accounts Payable.....			951,662.08	
Dividends Payable.....			3,417.87	
Tax Accruals.....			285,944.23	
Interest Accrued on Funded Debt.....			582,550.39	
Other Interest Accrued.....			1,031.25	
Damages, Tort Claims and Judgments.....			40,993.43	
Due to Associated Companies.....			268,019.91	2,133,619.16
RESERVES: (Note 3)				
General and Contingent (Note 2).....			13,596,856.04	
Amortization of Capital (Note 2).....			7,864,778.32	
Damages.....			3,491,494.14	
Contingent Tax Liability.....			407,750.30	
Other Reserves.....			154,996.97	
Unadjusted Credits.....			29,480.17	25,545,355.94
CAPITAL SURPLUS.....			2,537,098.85	
Less: Amount eliminated in consolidation.....			1,071,526.49	1,465,572.36
EARNED SURPLUS, as per Statement (Note 1).....				3,919,024.76
TOTAL.....				<u>\$113,007,835.20</u>

NOTE 1—Accumulated undeclared dividends on preferred stock of Brooklyn and Queens Transit Corporation on June 30, 1939, amounted to \$6,089,875.00, or \$21.50 per share.

NOTE 2—During the year ended June 30, 1939, there was charged to the General and Contingent reserve an amount of \$500,327.95 representing retirements of equipment dismantled during the year, for which provision had been made at organization. Because of unexpected delays in replacing and retiring old cars from service, it appears that some of the charges to the General and Contingent reserve should be transferred to the reserve for Amortization of Capital. A study of this matter is in progress.

NOTE 3—The liabilities and reserves shown in the consolidated balance sheet do not include the following:

Possible excess of liability for taxes over provision therefor.  
Other possible liabilities contingent on future happenings, including liabilities that may arise under the Securities Exchange Act of 1934, or the Securities Act of 1933, as amended, not subject to estimate.



# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## COMPARATIVE STATEMENT OF CONSOLIDATED INCOME TWO YEARS ENDED JUNE 30, 1939

	<i>Year Ended June 30, 1939</i>	<i>Year Ended June 30, 1938</i>
<b>REVENUE FROM TRANSPORTATION:</b>		
Passenger Revenue other than Brooklyn Bus Corporation.....	\$16,324,906.60	\$16,349,643.52
Passenger Revenue, Brooklyn Bus Corporation..	3,862,784.70	3,825,497.66
Freight Revenue.....	301,886.12	251,576.96
TOTAL REVENUE FROM TRANSPORTATION...	<u>20,489,577.42</u>	<u>20,426,718.14</u>
<b>OTHER OPERATING REVENUES:</b>		
Advertising and Other Privileges.....	48,229.99	65,951.52
Rent of Land, Buildings, etc.....	124,949.01	154,416.23
Rent of Equipment.....	43,780.49	52,037.87
Rent of Tracks and Terminals.....	26,385.20	26,246.40
Miscellaneous Revenue.....	5,166.55	10,271.51
TOTAL OPERATING REVENUES.....	<u>20,738,088.66</u>	<u>20,735,641.67</u>
<b>OPERATING EXPENSES:</b>		
Maintenance of Way and Structures.....	996,559.89	1,006,632.92
Depreciation of Way and Structures.....	510,000.00	510,000.00
Maintenance of Equipment.....	2,062,295.34	2,214,752.57
Depreciation of Equipment.....	855,186.15	879,958.45
Purchased Power, etc.....	2,411,065.68	2,470,923.13
Operation of Cars.....	7,257,955.23	7,141,033.06
Injuries to Persons and Property.....	1,632,486.37	1,807,320.50
Traffic Expenses.....	676.95	1,152.84
General and Miscellaneous Expenses.....	961,669.13	902,144.32
Freight Expenses.....	225,598.69	182,718.53
TOTAL OPERATING EXPENSES.....	<u>16,913,493.43</u>	<u>17,116,636.32</u>
NET REVENUE FROM OPERATIONS.....	3,824,595.23	3,619,005.35
TAXES ASSIGNABLE TO OPERATIONS (Note 1).....	2,384,230.98	2,335,347.81
OPERATING INCOME.....	<u>1,440,364.25</u>	<u>1,283,657.54</u>
NON-OPERATING INCOME.....	170,010.75	180,561.62
GROSS INCOME.....	<u>1,610,375.00</u>	<u>1,464,219.16</u>
<b>INCOME DEDUCTIONS:</b>		
Interest Deductions.....	1,493,700.82	1,515,585.97
Rent Deductions.....	38,106.94	35,589.74
Amortization and Other Deductions from Income	78,518.97	77,940.02
TOTAL INCOME DEDUCTIONS.....	<u>1,610,326.73</u>	<u>1,629,115.73</u>
CURRENT INCOME CARRIED TO SURPLUS.....	<u>\$48.27</u>	<u>*\$164,896.57</u>

NOTE 1—Taxes assignable to operations include provision for United States income, excess profits and undistributed profits taxes, as follows:

	1939	1938
Income Tax.....	None	None
Excess Profits Tax.....	None	None
Undistributed Profits Tax.....	None	None

\*Loss.



# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## STATEMENT OF CONSOLIDATED EARNED SURPLUS YEAR ENDED JUNE 30, 1939

BALANCE, JUNE 30, 1938.....		\$2,783,945.19
CURRENT INCOME, Year Ended June 30, 1939, as per Statement.....		48.27
		<hr/>
TOTAL.....		2,783,993.46
CREDITS TO SURPLUS:		
Adjustment of Contingent Tax Liability including the effect of the settlement of taxes in dispute at date of organization.....	\$1,189,466.35	
Net Profit on Sale of Real Estate.....	10,455.58	
	<hr/>	
	1,199,921.93	
CHARGES TO SURPLUS:		
Special legal services re franchise, previously capitalized.....	40,000.00	
Miscellaneous debit adjustments, net.....	24,890.63	
	<hr/>	
	64,890.63	
NET CREDITS TO SURPLUS.....		1,135,031.30
		<hr/>
BALANCE, JUNE 30, 1939 (Note 1).....		\$3,919,024.76
		<hr/> <hr/>

NOTE 1—Accumulated undeclared dividends on preferred stock of Brooklyn and Queens Transit Corporation on June 30, 1939, amounted to \$6,089,875.00 or \$21.50 per share.

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## FUNDED DEBT—JUNE 30, 1939

	<i>Maturity</i>	<i>Interest Rate</i>	<i>Outstanding</i>	<i>Inter-Company Holdings</i>	<i>In the Hands of Public</i>
BROOKLYN AND QUEENS TRANSIT CORPORATION:					
Brooklyn and Queens Transit Corporation:					
Five Year Notes.....(a)	11/1/40	3½%	\$ 3,000,000.00	.....	\$ 3,000,000.00
Brooklyn, Queens County and Suburban Railroad Company:					
First Mortgage.....	7/1/41	5%	1,409,000.00	.....	1,409,000.00
First Consolidated Mortgage.....	7/1/41	5%	2,703,000.00	.....	2,703,000.00
The Brooklyn City Rail Road Company:					
First Consolidated Mortgage.....	7/1/41	5%	6,000,000.00		6,000,000.00
Refunding Mortgage.....	8/1/56	4%	400,000.00	(a) \$ 400,000.00	.....
Brooklyn City and Newtown Railroad Company:					
Consolidated First Mortgage.....	7/1/39*	5%	1,995,000.00	(a) 27,000.00	1,968,000.00
The Coney Island and Brooklyn Rail Road Company:					
First Consolidated Mortgage.....	7/1/48	4%	1,999,000.00	(a) 97,000.00	1,902,000.00
Consolidated Mortgage.....(b)	1/1/40	5%	1,500,000.00	.....	1,500,000.00
Nassau Electric Railroad Company:					
First Mortgage.....	4/1/44	5%	660,000.00		660,000.00
First Consolidated Mortgage.....	1/1/51	4%	13,986,000.00	(a) (g) 3,684,000.00	10,302,000.00
			<u>33,652,000.00</u>	<u>4,208,000.00</u>	<u>29,444,000.00</u>
BROOKLYN BUS CORPORATION:					
Conditional Sales Agreement.....	(c)	5%	12,550.50	.....	12,550.50
Conditional Sales Agreements—(including interest—\$104,036.37)	(d)	5%	1,283,500.00	.....	1,283,500.00
			<u>1,296,050.50</u>	<u>.....</u>	<u>1,296,050.50</u>

B. AND Q. SERVICE COMPANY, Inc.:

Car Lease Warrants (including interest—\$19,500.00).....  
Equipment Trust Notes, Series A.....

(e)  
(f)

5%  
4-5%

279,500.00  
1,050,000.00

.....  
.....

279,500.00  
1,050,000.00

1,329,500.00

.....

1,329,500.00

TOTAL.....

\$36,277,550.50

\$4,208,000.00

\$32,069,550.50

\* Payment not made at maturity, Company relying upon the New York Mortgage Moratorium Statute and upon the provisions of the mortgage securing the bonds.

(a) Pledged under Brooklyn and Queens Transit Corporation 3½% Notes:  
The Brooklyn City Rail Road Company Refunding 4's..... \$ 400,000.00  
Brooklyn City and Newtown Railroad Company Consolidated First 5's..... 27,000.00  
The Coney Island and Brooklyn Rail Road Company First Consolidated 4's..... 97,000.00  
Nassau Electric Railroad Company First Consolidated 4's..... 2,523,000.00  
South Brooklyn Railway Company Capital Stock..... 5,000 Shares

(b) Bonds issued under Consolidated Mortgage of The Coney Island and Brooklyn Rail Road Company bear the name of Brooklyn and Queens Transit Corporation as obligor, this company being the successor to The Coney Island and Brooklyn Rail Road Company.

(c) Payable September 24, 1939.

(d) Payable in monthly installments of \$21,050.00.

(e) Payable in annual installments of principal of \$130,000.00 each, (April 1) and semi-annual installments of interest, (October 1 and April 1).

(f) Payable in annual installments of \$150,000.00, (January 1).

(g) Deposited with Trustee of Nassau Electric Railroad Company First Consolidated Mortgage, \$1,161,000.00.





ELEVENTH  
ANNUAL REPORT

OF

Brooklyn and Queens  
Transit Corporation

FOR THE

Year Ended June 30, 1940

# Brooklyn and Queens Transit Corporation

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## DIRECTORS

FRANK BAILEY

ARTHUR H. BUNKER

IRVING T. BUSH

GERHARD M. DAHL

HARVEY D. GIBSON

WILLIAM C. LANGLEY

EDWIN P. MAYNARD

GEORGE V. McLAUGHLIN

WILLIAM S. MENDEN

BENJAMIN H. NAMM

H. HOBART PORTER

CHARLES S. SARGENT

HERBERT BAYARD SWOPE

## EXECUTIVE COMMITTEE

ARTHUR H. BUNKER

GERHARD M. DAHL

HARVEY D. GIBSON

WILLIAM C. LANGLEY

EDWIN P. MAYNARD

GEORGE V. McLAUGHLIN

WILLIAM S. MENDEN

BENJAMIN H. NAMM

H. HOBART PORTER

HERBERT BAYARD SWOPE

## OFFICERS

Chairman of Board.....GERHARD M. DAHL

President .....WILLIAM S. MENDEN

Vice-President.....GEORGE W. JONES

Secretary and Treasurer.....GEORGE W. JONES

Comptroller.....DeFOREST P. RUDD

ELEVENTH ANNUAL REPORT  
OF  
Brooklyn and Queens Transit Corporation

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385 Flatbush Avenue Extension,  
Brooklyn, New York,  
August 24, 1940.

TO THE STOCKHOLDERS:

As a result of the consummation of the BMT-BQT Unification Plan on June 1, 1940 all the properties of your Corporation and its subsidiaries, other than the Retained Assets, were conveyed to The City of New York and the assets now owned by your Corporation and its subsidiaries consist principally of cash, accounts receivable, securities, real estate bonds and mortgages, special deposits and miscellaneous other assets.

Under date of August 2, 1940 a letter was sent to you with a balance sheet attached as of June 30, 1940, certified to by Messrs. Niles & Niles, Certified Public Accountants. That balance sheet together with a schedule of marketable securities as of June 30, 1940, is included in this report.

In connection with the consummation of Unification, the fiscal year of your Corporation was changed so as to end on the last day of February. The results of operations to February 29, 1940, the end of the fiscal year as changed, and from that date to consummation of Unification on June 1, 1940, together with the effect of such consummation, are all reflected in the balance sheet as of June 30, 1940, submitted herewith. For this reason and the fact that all the operating properties have been transferred to the City, such operating statements are of no present practical significance and accordingly are not included in this report.

Enclosed with this report are a Notice of the Annual Meeting of stockholders to be held on September 16, 1940, a form of Proxy for use at said meeting and a Proxy Statement relative to such Proxy. You will note that various matters will be presented at the meeting for action. Each of the items to be submitted are referred to in the Proxy Statement, to which your attention is called. Further comment will be made here only as to the fourth and sixth items.

The fourth proposal provides for the reduction of the capital of the Corporation and the complete elimination of the Preferred Stock from the capital structure of the Corporation. In this connection the balance of 2,464.3 shares of Preferred Stock, shown as outstanding at June 30, 1940, will be redeemed unless otherwise retired. As of June 30, 1940, Brooklyn-Manhattan Transit Corporation owned 1,105 shares of such stock acquired subsequent to June 1, 1940 at a cost of \$136,925, which is less than the redemption cost of such stock. This stock, together with any other Preferred shares that may be acquired by the Brooklyn-Manhattan Transit Corporation, will be turned over to your Corporation for cancellation at cost to the Brooklyn-Manhattan Transit Corporation, pursuant to an understanding between the corporations.

After the retirement of all of the outstanding Preferred Stock, the Common Stock will be the only class of stock of the Corporation. The proposed reduction of capital will also provide a Capital Surplus out of which distributions may be made upon the Common Stock, prior to the final dissolution of the Corporation, to the extent consistent with the payment of or adequate provision for the obligations and liabilities of the Corporation, including contingent liabilities.

The sixth proposal involves the authorization of the winding up of the business and affairs of the Corporation, the collection of and realization upon the assets of the Corporation as may be appropriate and the payment of or provision for its obligations and liabilities, all preliminary to distributions to Common Stockholders as and when the same may be legally possible. The fourth and sixth proposals are both necessary to permit such distributions.



Stockholders are not being asked to authorize final dissolution of the Corporation at this time because a considerable period must elapse before a final distribution can be made to stockholders and until at least a substantially final distribution is possible the formal dissolution of the Corporation would create certain practical difficulties without corresponding advantages.

Stockholders are, of course, anxious to know when the liquidation and final dissolution of the Corporation will be completed and the amount which they will ultimately receive upon their stock. The management cannot at this time give any definite assurance on this point. All stockholders must, of course, understand that the balance sheet as of June 30, 1940 is not a liquidation statement and the amount which will ultimately be realized by the stockholders upon the final dissolution of the Corporation will necessarily depend, among other things, upon the expenses of liquidation, the interim income of the Corporation, the realization upon assets and the amount of obligations and liabilities as finally determined.

The complete liquidation of the Corporation cannot be accomplished promptly. In the first place, the liabilities and obligations, including contingent liabilities, must finally be fixed and determined and paid or provided for. In addition, some very substantial assets of the Corporation are of such a nature that they cannot be immediately realized upon. For example, accounts and notes receivable are shown at \$471,939.13, after deducting reserves. Of this amount approximately \$355,000.00 represents amounts due from The City of New York and, under the Unification Plan, payable in twelve equal monthly installments commencing July 15.

The real estate bond and mortgage in the amount of \$102,416.00 represents a slow asset. The mortgage is due April 30, 1944 with provision for annual amortization payments of \$3,000.00. Although it is believed that the mortgage is amply secured and that interest and amortization payments will be met when due, it is practically impossible under the present real estate and mortgage situation to convert the mortgage into cash.

A further similar item on the balance sheet are securities deposited with the State Industrial Commission, carried at a net amount, after allowing for estimated claims payable, of \$254,955.71. Under the Unification Plan the City assumed the payment of all workmen's compensation claims in respect of operations prior to consummation subject to the application of the deposited securities toward such payment. The period during which compensation claims may be filed in respect of accidents occurring prior to consummation will not expire for at least two years from June 1, 1940 and the final determination or valuation of such claims will necessarily require a further period of time. Under these circumstances it is quite likely that final realization upon the Corporation's equity in such securities (consisting of bonds of The City of New York) will be impracticable for a considerable period of time.

In addition to the time required to realize on certain of the assets of the Corporation, above indicated, there is the further necessity of providing for all debts and liabilities of the corporation. Certain of such liabilities have been assumed by The City of New York pursuant to Unification. As appears from the notes to the balance sheet, the City assumed and agreed to indemnify the Corporation against (a) tort claims for injuries to persons and damage to property in respect of operations prior to consummation, which claims are estimated to amount to \$2,000,000.00, (b) equipment obligations in a total amount of \$1,036,500.00, and (c) bonds issued by predecessor corporations, secured by mortgages on the railroads and properties conveyed to the City, in the amount of \$414,000.00. As to these liabilities, tort claims are being paid by the City as such claims are settled or are fixed and determined as a result of litigation and the amount outstanding is therefore steadily being reduced. Of the equipment obligations, the principal amount of \$136,500.00 matures on or before April 1, 1941. Of the remaining \$900,000.00 principal amount, \$150,000.00 matures January 1, 1941 and a similar amount on each succeeding January 1 until the entire amount is paid. As this last-named issue bears interest at 5% and is callable, it would seem likely that The City of New York would call the issue in order to refinance at a substantial saving of

interest. Of the underlying mortgage surface company bonds totalling \$414,000.00 principal amount, these bonds are being gradually acquired and retired by The City of New York.

While the payment of these liabilities is the obligation of The City of New York, they are in the nature of contingent liabilities of the Corporation and, in view of their aggregate amount, they are a factor to be considered in connection with distribution to stockholders. As these liabilities are reduced from time to time by The City of New York, as above indicated, this factor will, of course, become less important.

As to the liabilities of the Corporation, you will note that unpaid unification expenses accrued to June 30, 1940 amounted to \$200,000.00. Of this amount there has been paid since June 30, as appears from the note to the balance sheet, a total of \$138,800.00. There are some items of such expense not yet fixed, such as charges of Depositories for continuing services being rendered.

In the letter of July 21, 1939 submitting unification to you for your action and approval, it was estimated that the expenses of your Corporation in respect of unification would be \$1,000,000.00. It now appears likely that the actual expense will be some \$400,000.00 less than the estimate.

Your attention is called to the fact that appraisal proceedings are pending with respect to 2,000 shares of Common Stock of your Corporation. These proceedings and the final determination of the value of such shares of stock will probably not be concluded for some time.

The matter of reserves is, of course, an important one. Because of the fact that reserves are in the nature of estimates to cover contingent events and items that cannot be precisely determined it is impracticable to undertake a discussion of them. However, it can be stated that the management believes that the reserves are reasonable as of June 30, 1940.

Respectfully submitted,

GERHARD M. DAHL,  
*Chairman.*

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## Consolidated Balance Sheet, June 30, 1940

ASSETS	
CASH .....	\$ 951,991.28
ACCOUNTS AND NOTES RECEIVABLE.....	\$ 742,404.13
Less: Reserves .....	270,465.00
	471,939.13
INTEREST RECEIVABLE .....	20,856.63
INVESTMENTS (at Cost or less):	
City of New York 3% Corporate Stock due 1980:	
\$2,601,400.00 face value, recorded at market value,	
91¼, on June 1, 1940 (Quoted market value on	
June 30, 1940, at 95—\$2,471,330.00).....	\$ 2,373,777.50
Other Marketable Securities (Quoted market value	
on June 30, 1940—\$208,395.00).....	196,447.22
Real Estate Bonds and Mortgages.....	102,416.00
	2,672,640.72
SPECIAL DEPOSITS:	
Securities deposited with State Industrial Commis-	
sion (at Cost), (Quoted market value on June 30,	
1940—\$774,511.55) .....	\$ 788,408.13
Less: Estimated Compensation Claims Payable.....	533,452.42
	254,955.71
OTHER ASSETS:	
Tort Claims Paid subject to Adjustment with the	
City of New York.....	\$ 74,781.17
Prepayments and Miscellaneous.....	15,742.21
	90,523.38
TOTAL ASSETS .....	<u>\$4,462,906.85</u>

### RESERVES AND CONTINGENT LIABILITIES:

Reserves have been provided for doubtful accounts receivable, for taxes under existing laws, and for contingencies in amounts estimated by the management to be ample as of June 30, 1940. The reserve for contingencies is a general provision applicable in part to unknown liabilities that may arise, and in part to a possible decrease in the company's residuary interest in marketable securities deposited with the State Industrial Commission.

Under the BMT-BQT Unification Plan and a Closing Agreement dated June 1, 1940, the City of New York assumed and agreed to indemnify the Brooklyn and Queens Transit Corporation against (a) tort claims for injuries to persons and damage to property estimated by the management to amount to approximately \$2,000,000.00; (b) equipment obligations totalling \$1,036,500.00 and (c) mortgage bonds outstanding in the principal amount of \$414,000.00 under mortgages of predecessor companies. In the circumstances, no provision has been made for possible liabilities of Brooklyn and Queens Transit Corporation and subsidiary companies in respect of any of the items noted above.



# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## Consolidated Balance Sheet, June 30, 1940

### LIABILITIES AND CAPITAL

#### ACCOUNTS PAYABLE AND RESERVES (See Note) :

Accounts Payable .....	\$ 199,825.57
Accrued Unification Expenses.....	200,000.00†
Taxes:	
Current accruals .....	\$172,000.10
Reserve .....	60,553.08
	<hr/>
	232,553.18
Miscellaneous .....	43,490.25
Reserve for Contingencies.....	165,000.00
	<hr/>

\$ 840,869.00

#### CAPITAL:

##### Capital Stock—No Par Value:

	SHARES		
	Authorized	Issued	
Preferred, \$6.00 Cumulative..	283,250	283,250	\$28,325,000.00
Common* .....	820,000	800,000	18,800,000.00

Total .....	<hr/>	\$47,125,000.00
Deficit .....		15,424,392.15
		<hr/>
		\$31,700,607.85

#### Deduct:

279,321.7 shares of Preferred Stock surrendered for cancellation in unification, and 1,464 shares reacquired, at capital value .....	280,785.7	28,078,570.00
--	-----------	---------------

BALANCE ..... 3,622,037.85

(The Preferred Stock is entitled in the event of voluntary liquidation to \$110.00 a share plus accrued dividends which on June 30, 1940, amounted to \$27.50 a share. For the 2,464.3 shares not surrendered or reacquired on that date, these amounts aggregated \$338,841.25.)

TOTAL ..... \$4,462,906.85

† Of the accrued unification expenses shown above, payments have been made since June 30, 1940, approximately as follows: Counsel fees \$98,600; Contractual compensation for special services \$23,400; Severance compensation \$7,000; Depositories' charges and miscellaneous \$9,800.

\* Appraisal proceedings are pending in respect of 2,000 shares of common stock.

**NILES & NILES**  
**Certified Public Accountants**  
**165 BROADWAY, NEW YORK**

CERTIFICATE OF ACCOUNTANTS

*To the Board of Directors of*

BROOKLYN AND QUEENS TRANSIT CORPORATION:

We have made an examination of the consolidated balance sheet of Brooklyn and Queens Transit Corporation and its subsidiary companies as of June 30, 1940. In connection therewith, we examined or tested the accounting records of the companies and other supporting evidence, including agreements and entries relating to the consummation on June 1, 1940, of the Unification Plan which resulted in the transfer to the City of New York of the companies' operating properties. We reviewed the system of internal control and accounting procedures of the companies to the extent we deemed appropriate, but we did not make a detailed audit of the transactions.

In our opinion, subject to the adequacy of the reserves referred to in a footnote, the accompanying consolidated balance sheet fairly presents the financial position of the Brooklyn and Queens Transit Corporation and its subsidiary companies at June 30, 1940.

NILES & NILES,  
*Certified Public Accountants.*

New York, August 1, 1940.

# BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES

## Schedule of Marketable Securities, June 30, 1940

Face Amount or No. of Shs.		Book Cost	Market Value June 30, 1940
CITY OF NEW YORK CORPORATE STOCK:			
\$ 2,601,400	City of New York 3% Corporate Stock, due June 1, 1980.....	\$2,373,777.50	\$2,471,330.00
OTHER MARKETABLE SECURITIES:			
BONDS:			
City of New York Corporate Stock:			
\$ 71,000	3½% due 11/1/52.....	\$ 66,823.33	\$ 73,485.00
14,000	3½% due 11/1/53.....	13,152.54	14,490.00
15,000	3½% due 5/1/54.....	14,079.59	15,843.75
8,000	3½% due 11/1/54.....	7,530.00	8,460.00
500	4% due 5/1/57.....	501.88	555.00
1,000	4% due 5/1/59.....	1,000.00	1,117.50
2,000	4¼% due 3/1/62.....	2,055.00	2,295.00
40,000	3¾% due 7/1/75.....	41,250.00	40,200.00
3,000	4½% due 12/1/79.....	2,677.50	3,697.50
Port of New York Authority:			
17,000	Gen. & Ref. Mtg. 3½%, 1976.....	17,446.25	17,467.50
United States of America:			
26,000	2½% Treas. Bonds, due March 16, 1960/55	26,593.13	27,966.25
STOCKS:			
23	Brooklyn-Manhattan Transit Corp.:		
	\$6.00 Cumulative, Pfd.....	2,438.00	2,300.00
9	Globe & Rutgers Fire Insurance Co.:		
	\$5.00 Cumulative, 2nd Pfd.....	900.00	517.50
	TOTAL OTHER MARKETABLE SECURITIES....	\$ 196,447.22	\$ 208,395.00







